

PREM 19/1752

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European Council Meeting in
Luxembourg 2-3 December 1985

EUROPEAN

POLICY

Part 1: Oct 1979.

Part 24: Nov. 1985

(Briefing Folders in Box)

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
12.12.85.							
20/12/85							
15.1.86							
15.1.86							

Folder attached contains copy of
Pm's Statement in the House 5.12.85



From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215) 5144
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Sir Terence Beckett CBE
Director-General
CBI
Centre Point
103 New Oxford Street
LONDON
WC1A 1DU

15 January 1986

Dear Sir Terence

*ESP
CO2 16/1*

Many thanks for your letter of 28 November with which you enclosed the CBI Council Statement on the Commission White Paper on the Internal Market. I very much welcome the clear indication of support, both for the overall goal and for the line being pursued by Government.

The Internal Market Council on 12 December endorsed the joint Dutch/UK programme for our respective Presidencies to the end of 1986. I attach a copy. The programme is ambitious - necessarily so if we are serious about the 1992 deadline - and covers a number of the priorities set out in the CBI Council Statement. I was pleased that the 12 December Council also adopted a decision setting up the Commission's customs computerisation project; co-ordination of Member States' computer systems through adoption of common data standards could make a useful contribution to reducing clearance times at frontiers.

Two of your priorities - reduction in state aids and of blatant national non-tariff barriers - are not of course readily amenable to Council legislation but, as you know, the Government fully shares your views in this area and will continue to press the Commission to police the existing rules speedily and vigorously. The question of tax approximation was discussed by the Council of Finance Ministers on 9 December who established a high level group to examine whether any measures contained in Part III of the White Paper might be necessary to the creation of a genuine internal

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Sir Terence Beckett CBE

January 1986

market. As the CBI Council Statement recognises this is not a straightforward area because of its implications for management of national economies. Within that overall constraint, I would welcome any CBI views on which of the Part III measures industry itself would consider as a useful contribution to the internal market so that this factor could be taken into account in forming the UK's approach at the high level group.

Finally, I hope that the contacts between our officials on this internal market exercise can be maintained on the close and regular basis on which they have been established, so that we can maximise our common efforts to Community machinery and through UNICE and other industry bodies in Europe.

A handwritten signature in dark ink, appearing to read 'Paul Channon', written over a large, faint 'Y' mark.

PAUL CHANNON

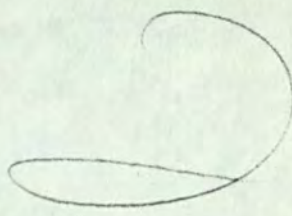
A large, stylized handwritten signature in dark ink, clearly legible as 'Paul Channon'.

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Euro Post Luxembourg Euro Council A24



BW



10 DOWNING STREET

From the Private Secretary

20 December 1985

Dear Len,

EUROPEAN POLITICAL CO-OPERATION:
DECLARATION ON EAST-WEST RELATIONS

The Prime Minister was both surprised and annoyed to see UKREP Tel. No. 4478 containing the text of a statement by the Ministers of Foreign Affairs of the Ten on East-West Relations, not very different in substance to that which she had rejected at the European Council and which you subsequently told me that we would oppose at the meeting of Foreign Ministers on 16/17 December (your letter of 11 December refers).

The Prime Minister thinks the declaration lame in its welcome for the results of the Geneva Summit, absurd in putting Gorbachev's visit to Paris on a par with the Summit, unacceptable in its implication that in European eyes the Soviet Union and the United States are of equal moral standing, and disreputable in its aimless platitudes about improving relations with Eastern Europe. She thinks it would be far better in future if we were to block such futile declarations long before they reach Ministerial level.

Yours sincerely,

(C.D. Powell)

Len Appleyard, Esq.,
Foreign and Commonwealth Office

slw

PRIME MINISTER

DECLARATION BY THE TEN ON EAST/WEST RELATIONS

You vetoed this at the European Council. The Foreign Office said that it would not be resurrected. In fact the attached text was approved by Foreign Ministers on 16/17 December.

It seems to me an absurd statement:

(i) it makes no distinction between the Soviet Union and the US, implying that Europe is somehow neutral between them; ✓

(ii) it puts Gorbachev's visit to Paris on a par with the Geneva Summit, which is shameless pandering to French egos; ✓

(iii) it is full of aimless platitudes about "wide ranging and far reaching cooperation with all countries of Eastern Europe". ✓

It seems to me that we lose credibility by putting our name to this sort of junk, particularly after the European Council has brushed it aside. Moreover, it's quite clearly a French walkover.

Agree to encourage the FCO to fight harder for decent statements, and, if they fail, simply not to cave in and accept pathetic texts?

CDD

Yes ✓

(C. D. POWELL)
19 December 1985

Pompos to

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 FM UKREP BRUSSELS
 TO IMMEDIATE F C O
 TELNO 4478
 OF 172030Z DECEMBER 85
 AND TO ROUTINE EASTERN EUROPEAN POSTS,
 INFO ROUTINE EUROPEAN COMMUNITY POSTS, LISBON, MADRID,
 INFO ROUTINE WASHINGTON, UKMIS NEW YORK, UKDEL NATO
 INFO SAVING OTTAWA, ANKARA, OSLO, TOKYO, WELLINGTON, BERNE
 INFO SAVING MEXICO CITY, STRASBOURG

M I P T: EUROPEAN POLITICAL CO-OPERATION: POLITICAL COMMITTEE,
 BRUSSELS, 17 DECEMBER.

FOLLOWING IS DECLARATION OF THE MINISTERS OF FOREIGN AFFAIRS OF THE
 TEN, AS WELL AS SPAIN AND PORTUGAL, ON WEST-EAST RELATIONS:

"THE MINISTERS OF FOREIGN AFFAIRS OF THE TEN, AS WELL AS SPAIN
 AND PORTUGAL MEETING IN BRUSSELS ON 16-17 DECEMBER 1985 EXPRESSED
 THEIR SATISFACTION AT THE MUCH-AWAITED MEETING BETWEEN
 PRESIDENT REAGAN AND SECRETARY-GENERAL GORBACHOV IN GENEVA FROM 19 TO
 21 NOVEMBER.

"THEY WELCOME THE FACT THAT, AFTER MR GORBACHOV'S VISIT TO PARIS
 AND THE GENEVA SUMMIT, A PROCESS HAS NOW BEGUN WHICH WILL INCLUDE
 FURTHER MEETINGS AT THE HIGHEST LEVEL. THEY HOPE THAT IT WILL LEAD
 TO AN IMPROVEMENT IN THE INTERNATIONAL SITUATION AND TO PROGRESS
 TOWARDS A FRESH DIALOGUE IN ALL FIELDS, INCLUDING REGIONAL QUESTIONS
 AND THOSE CONCERNING HUMAN RIGHTS. !

"THE TWELVE HAVE NOTED IN PARTICULAR THE REAFFIRMATION OF THE
 JOINT AMERICAN-SOVIET DECLARATION OF 8 JANUARY 1985 CONCERNING THE
 ELABORATION OF EFFECTIVE AGREEMENTS AIMING AT PREVENTING AN ARMS
 RACE IN SPACE, TERMINATING IT ON EARTH, AT LIMITING AND REDUCING
 NUCLEAR ARMS AND AT STRENGTHENING STRATEGIC STABILITY. THEY HOPE
 THAT THIS PROCESS WILL REACH REASONABLE, BALANCED AND VERIFIABLE
 COMPROMISES IN ALL THESE FIELDS IN ORDER TO ALLOW A REDUCTION OF THE
 NUCLEAR ARMS OF THESE TWO COUNTRIES, MEDIUM-RANGE WEAPONS INCLUDED,
 AT THE LOWEST POSSIBLE LEVEL WITH DUE REGARD TO THE SECURITY OF THE
 EUROPEAN COUNTRIES.

"THEY ALSO ATTACH A HIGH IMPORTANCE TO THE DISARMAMENT WORK
 UNDER WAY IN THE MULTILATERAL FORA, DEALING, IN PARTICULAR, WITH
 CONVENTIONAL AND CHEMICAL ARMAMENTS.

"AS TO THE CSCE PROCESS AS A WHOLE, THE TWELVE WILL, DESPITE
 CERTAIN DISAPPOINTMENTS, CONTINUE TO WORK FOR POSITIVE RESULTS IN
 ALL ITS ASPECTS, IN PARTICULAR AT THE CONFERENCE OF STOCKHOLM AND AT
 THE FORTHCOMING BERNE MEETING, WITH A VIEW TO ACHIEVING A BALANCED
 OUTCOME AT THE VIENNA CONFERENCE, BEGINNING IN NOVEMBER 1986.

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"THE TWELVE REITERATE THEIR OWN DETERMINATION TO MAKE EVERY EFFORT TO CONTRIBUTE TO GREATER STABILITY IN WEST-EAST RELATIONS AS A BASIS FOR WIDE-RANGING AND FAR-REACHING CO-OPERATION WITH ALL THE COUNTRIES OF EASTERN EUROPE.

HANNAY

YYYY

FCO ADVANCE TO:-

FCO - DEREK THOMAS, SHEPHERD, RAMSDEN, LLEWELLYN-SMITH.

FCO PASS SAVINGS TO: STRASBOURG OTTAWA ANKARA OSLO TOKYO
WELLINGTON MEXICO CITY BERNE

UCLNAN 1794

EAST WEST & US/SOVIET RELATIONS

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[COPIES SENT TO NO 10 DOWNING STREET]

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PS/LADY YOUNG

PS/MR RIFKIND

PS/MR RENTON

PS/MR EGGAR

PS/PUS

MR DEREK THOMAS

MR GOODALL

MR FERGUSSON

SIR W HARDING

MR SAMUEL

MR DAUNT

MR DAVID THOMAS

MR LONG

- 2 -
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CCP



Foreign and Commonwealth Office

London SW1A 2AH

CDP
R/h

12 December 1985

Dear Charles,

Luxembourg European Council

Rachel Lomax's letter to you of 9^{attached} December mentioned that we were trying to correct the conclusions of the Luxembourg European Council on monetary cooperation.

UKRep have in fact now done so. The agreed text reads "liberalisation of capital movements" rather than "liberalisation of capital markets".

I am copying this letter to Rachel Lomax (HM Treasury) and David Williamson (Cabinet Office).

Yours ever,

Colin Budd

(C. R. Budd)
Private Secretary

C D Powell Esq
10 Downing Street



Служба почтовой связи
Москва



Foreign and Commonwealth Office

London SW1A 2AH

11 December 1985

② *WPC*

*Prime Minister
Exceller: it was
a rotten statement
CDP 11/iii*

ms

Dear Charles,

Follow-up to the European Council: Possible Statement
on Geneva Summit & East/West

Thank you for your letter of 9 ^{attached} December on European Council follow-up.

The draft statement on the Geneva Summit and East/West Relations, which did not issue at Luxembourg, will be considered again at the Foreign Affairs Council on 17 December. The Secretary of State argued in Luxembourg, along with the Prime Minister, that the statement which Political Directors had put together was too long and woolly, and insufficiently positive on Geneva. The Foreign Secretary believes these arguments have greater force two weeks later, and therefore that the statement as drafted should not issue.

Quite right

The question is whether we should attempt to float any alternative text. We have concluded that this is not desirable. The purpose of the exercise was to give a display of unity after Geneva. This will be done much more effectively at the end of this week at the Ministerial meeting of the NAC in Brussels. The Foreign Secretary does not believe that a different sort of statement of European attitudes to East/West relations (the sort of thing the French would like to see - characteristically they seem worried that US/Soviet rapprochement will limit the scope for a European role) would be appropriate at a moment when we have a major interest in preserving solidarity with the Americans.

Sir Geoffrey concludes that it would be right for him to argue strongly for no statement at all on this subject at next week's FAC.

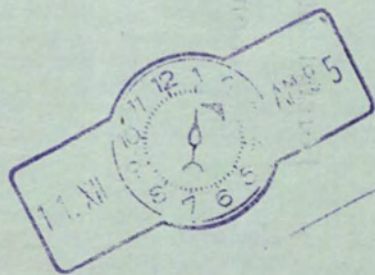
[Presumably a Norman cousin of HP Foreign Secretary]

*Yours,
Le Appleyard*
(L V Appleyard)
Private Secretary

ms

C D Powell Esq
PS/10 Downing Street

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10 DOWNING STREET

THE PRIME MINISTER

9 December 1985

Dear Mr. Miles,

A warm thank you to you and your wife for making me so welcome and comfortable during the European Council in Luxembourg. It was most enjoyable to stay in the Residence again and to find that it had been done up so well. I am sorry that we rather took over the house on Monday evening: I fear that late evening meetings are part of the ritual of European Councils. Please also pass on my thanks to your staff for all their help over the arrangements for the European Council: a job well done.

I shall look into the points which your wife raised about the European School.

Please also give my regards to Lucy and tell her how pleased I was to meet her.

With best wishes,

Yours sincerely
Margaret Thatcher

His Excellency Mr. R.O. Miles, C.M.G.



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10 DOWNING STREET

THE PRIME MINISTER

9 December 1985

Dear David

Many thanks for your help and support at the European Council. It was a fairly trying occasion but I think we came out of it in good shape and I am most grateful to you and your staff for all their efforts.

With best wishes,

Yours sincerely
Raymond Stalder

His Excellency Mr. D.H.A. Hannay, C.M.G.

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Je ou
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 230/85

10 DOWNING STREET

THE PRIME MINISTER

9 December 1985

Dear Prime Minister,

I write to thank you most warmly for your Government's kind hospitality during the European Council in Luxembourg, and also to congratulate you upon your effective and persistent Chairmanship which enabled us to reach the necessary decisions to improve the functioning of the European Community. I know the immense personal effort that you have put into this work in the past few months. You have our grateful thanks and appreciation.

With best wishes,

*Yours sincerely
Raymond Sheller*

His Excellency Monsieur Jacques Santer

sc



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Charles Powell Esq
No 10 Downing Street
LONDON SW1

9 December 1985

Dear Charles,

LUXEMBOURG EUROPEAN COUNCIL: MONETARY QUESTIONS

You will perhaps have heard that since the Council there has been some guerrilla fighting over the monetary text. The point at issue is not the proposed Treaty Amendment, but the conclusion which it was thought the Council had reached in favour of further work on, in particular, the liberalisation of capital movements. The text finally distributed refers to "liberalisation of capital markets" - a very different subject as the English language is currently used in financial circles!

It may be that we shall have managed to correct this by the time you receive this note. But if it is still uncorrected, the Minister of State - who is representing the Chancellor at ECOFIN today - will pursue the point there. Whatever the outcome, we - and the Germans - will insist that it is capital movements we are talking about, not capital markets.

I am copying this to Len Appleyard (FCO).

Yours ever
Rachel

RACHEL LOMAX



From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215

GTN 215 5144
(Switchboard) 215 7877

Sir Terence Beckett CBE
Director-General
Confederation of British Industry
Centre Point
103 New Oxford Street
LONDON
WC1A 1DU

9 December 1985

ca 4/12

Dear Sir Terence,

Thank you for your letter of 28 November to Mr Channon. He is abroad at present but I will ensure that he sees your letter and the CBI's statement on the Commission's White Paper before the Internal Market Council on 12 December.

Officials from the Department look forward to the meeting with CBI staff which has been arranged for early next week to exchange information and views on the way the White Paper programme is developing.

I am copying this letter to the Private Secretary at 10 Downing St and to Mr Rifkind's office.

Yours sincerely,

Paul Haston

PAUL HASTON
Assistant Private Secretary to the
Minister for Trade (Paul Channon)

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Euro pol =
Euro council: PEZ

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TO PRIORITY FCO

TELNO 1043

OF 091410Z DECEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, MADRID, LISBON

INFO PRIORITY UKDEL STRASBOURG.

ITALY/EC.

SUMMARY.

1. FURTHER SIGNS THAT ITALIAN OPPOSITION TO THE OUTCOME OF THE LUXEMBOURG COUNCIL IS WEAKENING. BUT WE ARE NOT OUT OF THE WOOD YET.

DETAIL.

2. ON 6 DECEMBER VISCONTI OF CRAXI'S DIPLOMATIC OFFICE TOLD HEAD OF CHANCERY THAT THE ITALIANS WERE NOW RETHINKING THEIR VARIOUS RESERVES ON THE OUTCOME OF LUXEMBOURG. IT WOULD BE HARD AND "UN-ITALIAN" TO SAY NO TO AN AGREEMENT THAT REPRESENTED SOME PROGRESS, HOWEVER MODEST. ALTHOUGH VISCONTI DECLINED TO BE DRAWN ON THE DIFFERENCES THAT APPEAR TO HAVE EMERGED BETWEEN CRAXI AND ANDREOTTI IN THE AFTERMATH OF LUXEMBOURG (MY TELNO 1039), HE DID VOLUNTEER THAT CRAXI HAD NO (NO) VERY HIGH OPINION OF THE EUROPEAN PARLIAMENT.

3. THE PSI'S FOREIGN AFFAIRS SPOKESMAN (SPINI, RECENTLY IN LONDON WHERE HE CALLED ON MR RIFKIND) TOLD US LAST WEEK THAT MAINTENANCE OF THE ITALIAN RESERVE WOULD PLAY INTO THE HANDS OF THOSE WHO WERE OPPOSED TO ANY TREATY AMENDMENTS. HE DID NOT MENTION THE DANES BY NAME, THE BUT IMPLICATION WAS CLEAR. DURING THE DEBATE ON THE ACCESSION OF SPAIN AND PORTUGAL (MY TELNO 1039), SPINI PROPOSED A WAY OUT FOR ITALY WHEREBY SHE WOULD SEEK TO RESURRECT THE ISSUE OF THE EUROPEAN PARLIAMENT'S POWERS AFTER A LAPSE OF TIME, PERHAPS BY CALLING FOR A NEW IGC.

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4. FOR THE ITALIAN GOVERNMENT MUCH DEPENDS ON THE VOTING IN THE EUROPEAN PARLIAMENT THIS WEEK. THE PRESS HERE IS FULL OF STORIES THAT SPINELLI'S MAJORITY IS CRUMBLING. IF THAT PROVES TO BE THE CASE OR IF THE PARLIAMENT REJECTS THE LUXEMBOURG CONCLUSIONS BY A SMALL MAJORITY, IT WOULD BE EASIER FOR THE ITALIAN GOVERNMENT TO WRIGGLE OFF THE HOOK. I HOPE TO OBTAIN FURTHER INFORMATION ABOUT ITALIAN VIEWS BEFORE THE FAC ON 16/17 DECEMBER. MEANWHILE MY GUESS IS THAT ANDREOTTI MAY SEEK TO INCORPORATE SOME KIND OF UNDERTAKING, EITHER IN THE TEXTS THEMSELVES OR AS A FOOTNOTE, THAT THE POWERS OF THE EUROPEAN PARLIAMENT WILL BE FURTHER RE-EXAMINED IN 1992 OR BEFORE, AS HIS PRICE FOR LIFTING ITALIAN RESERVES ON THE PACKAGE. IF HE FAILS IN THIS ATTEMPT, THE QUESTION WOULD BE WHETHER THE ITALIANS WILL BE CONTENT WITH A UNILATERAL STATEMENT. THEY WILL CERTAINLY NEED SOMETHING, HOWEVER MEAGRE, TO PROVE TO THEIR OWN PARLIAMENT AND TO THE ITALIAN MEPS THAT THEY TRIED RIGHT UP TO THE END.

BRIDGES

FRAME GENERAL

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10 DOWNING STREET

From the Private Secretary

9 December 1985

Follow up action to the European Council

It would be wise to let the Prime Minister see in good time this week:

- (a) the draft Single Act to cover the Treaty amendments and the Treaty on Foreign Policy Cooperation which was remitted to Foreign Ministers by the European Council, and
- (b) the draft statement on East/West relations.

The Prime Minister will, I am fairly sure, have some comments on both these so it would be helpful if she could see them by the middle of the week.

I am copying this letter to David Williamson (Cabinet Office).

(CHARLES POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

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TO PRIORITY FCO

TELNO 1039

OF 061330Z DECEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, MADRID, LISBON.

MY TELNO 1030: LUXEMBOURG COUNCIL: FURTHER ITALIAN PRESS REACTION.

1. ITALIAN PRESS STILL EXPRESS DISAPPOINTMENT AT THE LUXEMBOURG RESULTS BUT ARE BEGINNING TO ACCEPT THE POLITICAL REALITIES. CRAXI'S OFFICE APPEAR TO BE LEAVING ITALIAN OPTIONS SLIGHTLY OPEN.

SPINELLI AND THE EUROPEAN PARLIAMENT.

2. THERE ARE NO LESS THAN THREE INTERVIEWS WITH SPINELLI AND AN ARTICLE BY HIM. HE ADOPTS A HARD LINE: "THE STRASBOURG ASSEMBLY WILL NOT BE INTIMIDATED" AND HIS PRESENTATION IN BRUSSELS ON WEDNESDAY MORNING IS FULLY REPORTED. HOWEVER, AN ARTICLE IN "LA REPUBBLICA" SAYS "THE EUROPARLIAMENT HESITATES OVER THE LUXEMBOURG RESULTS". IN A BRUSSELS REPORT THE "CORRIERE DELLA SERA" SAYS THAT MEPS ARE BEGINNING TO ACCEPT THE "GREAT BETRAYAL" AND PREDICTS THAT THEIR FURY WILL SOON DISSOLVE.

ANDREOTTI.

3. SPEAKING IN THE LOWER HOUSE YESTERDAY ON THE OCCASION OF THE RATIFICATION OF THE ENTRY OF SPAIN AND PORTUGAL INTO THE COMMUNITY (RATIFIED BY 384 VOTES TO 27) ANDREOTTI REFERRED BRIEFLY TO THE LUXEMBOURG AGREEMENT. HE DEFENDED ITALY'S STANCE OVER THE EUROPEAN PARLIAMENT AND SAID THAT WHILE SOME NATIONAL PARLIAMENTS APPEARED UNWILLING TO CEDE ANY POWER TO IT. THESE POWERS ALREADY RESIDED WITHIN THE COMMUNITY. "WITH DEEP BITTERNESS I OBSERVE THAT THE SPIRIT OF THE COMMUNITY FOUNDERS IS FADING AWAY - DE GAULLE IS DEAD BUT HIS HEIRS REMAIN".

STATEMENT BY CRAXI'S OFFICE.

4. A NOTE ISSUED BY PALAZZO CHIGI ADOPTS A Milder TONE. "PATIENT EFFORTS AT COMPROMISE HAVE ALLOWED APPRECIABLE PROGRESS ON THE WAY TO EUROPEAN INTEGRATION. ITALY, WITHOUT THE PLAN FOR A DYNAMIC CONCEPTION OF THE COMMUNITY, HAS WORKED TO OVERCOME DIFFERENCES". HOWEVER "THE COMPROMISES REACHED CANNOT BE CONSIDERED SATISFYING FOR ALL SECTORS AND, IN SOME CASES, ARE BELOW EXPECTATIONS". THE NOTE TALKS OF SOME POSITIVE ELEMENTS SUCH AS ACCEPTANCE OF THE PRINCIPLE OF TREATY REFORMS, IMPROVEMENTS IN DECISION-MAKING PROCEDURES, THE ACCEPTANCE OF THE CONCEPT OF "EUROPE WITHOUT FRONTIERS", THE CODIFICATION OF EUROPEAN POLITICAL COOPERATION AND THE / INCORPORATION

INCORPORATION INTO THE TREATY OF MOVES TOWARDS ECONOMIC AND MONETARY UNION. THE NOTE DESCRIBES AS UNSATISFACTORY THE UNDERSTANDING ON RELATIONS BETWEEN THE COUNCIL AND THE EUROPEAN PARLIAMENT AND INCLUDES REFERENCES TO ITALY'S RESERVES ON SOCIAL AFFAIRS AND COHESION.

5. WHILE THE SOCIALIST PAPER "AVANTI" SAYS "BRITAIN WANTS TO CUT THE EUROPARLIAMENT DOWN TO SIZE", THERE IS NO OTHER COMMENT ON UK EXCEPT IN THE CONTEXT OF A PARIS/BONN/LONDON UNDERSTANDING. "IL SOLE 24 ORE", THE FINANCIAL DAILY, COMMENTS THAT ITALY'S WEAKNESS IN THE EC WAS REVEALED, AND ITS DIPLOMACY HUMILIATED: BUT OTHERWISE COMMENT REMAINS SUPPORTIVE OF ITALY'S ATTITUDE.

BRIDGES

FRAME GENERAL

ECD (1)

European Council (Luxembourg)

3.39 pm

The Prime Minister (Mrs. Margaret Thatcher): With permission, Mr. Speaker, I shall make a statement about the European Council held in Luxembourg on 2 and 3 December. My right hon. and learned Friend the Secretary of State for Foreign and Commonwealth Affairs accompanied me to this meeting. I have arranged for the conclusions of the Council to be put in the Library of the House.

The European Council reached agreement in five main areas. The first was the completion of the Community's internal market. This has been an important United Kingdom objective for a long time, with the strong support of British industry and business. The target of completing the Common Market by 1992 will be established in the treaty, and we agreed that there should be greater use of majority voting on a number of treaty articles dealing with goods and services. But unanimity will be retained for all decisions on taxation. The free movement of persons and the rights and interests of employees.

We also retain the right to take national action where required to protect public, animal and plant health.

The United Kingdom's position and the position of this Parliament are thus properly protected on such vital questions as frontier controls in relation to terrorism, crime, drugs and immigration from outside the Community; and on essential controls in health—for example, on rabies. The Luxembourg compromise, whereby a member state can invoke a very important national interest to prevent a decision being taken, is unaffected.

Secondly, the European Council agreed that the treaty should be brought up to date by new articles on technology, environment and the regional fund. Action has hitherto been taken in these areas on the basis of the general article in the treaty. The new articles will provide a more precise basis for action in these areas in future. Unanimity will be preserved for all-important decisions.

Thirdly, we agreed on procedural changes to improve consultation with the European Assembly. There will be better arrangements to enable the Council to take account of amendments to Community legislation suggested by the Assembly. But in all cases the last word on such legislation will rest with the Council. There will be no transfer of power on these matters from this House to the Assembly.

Fourthly, on monetary co-operation between member states, an amendment to the treaty was agreed which describes what has already been achieved in the Community framework, without entering into new commitments.

Finally, agreement was reached on a separate treaty of co-operation in foreign policy on the basis of the draft presented last summer by the United Kingdom. This formalises existing arrangements for consultation among the Ten on foreign policy matters and looks to a steadily closer co-operation.

The European Council's decisions on all these matters remain subject to general reservations from Italy and Denmark. The proposed amendments to the treaty will go forward only if these reserves are lifted. The United Kingdom has reserved its position on the voting arrangements in a proposed new treaty article on working

conditions. We insist that unanimity be preserved, in view of the risks that this article might be used to impose unfair burdens on our small and medium-sized business.

The European Council also discussed the economic and social situation and confirmed existing economic policies designed to reduce inflation and encourage sustained growth. On deregulation, the Commission gave an undertaking that in future all new proposals would be accompanied by an assessment of the effects on business and job creation; that the most important existing regulations would be re-examined to simplify them and to reduce the burden on industry; and that there should be a regular procedure for monitoring progress towards this objective. The United Kingdom's initiative earlier this year has thus been formally adopted.

In my statement in this House following the last European Council in June, I made it clear that we would have been ready then to take the steps necessary to complete the internal market, to improve decision taking, to formalise foreign policy co-operation and to improve procedures for consultation with the European Assembly.

Those objectives are now embodied in the conclusions of the Luxembourg European Council together with some tidying up of the treaty to reflect the Community's development. The amendments to the treaty have to be approved by each sovereign Parliament and accordingly will be submitted to this House.

I believe that the conclusions on completing the Common Market and reducing the burden of regulations will be of long-term benefit to British firms selling their goods and services in the European Community. Together with the arrangements to reduce the scale of Britain's budgetary contribution agreed last year, they will be an important step towards enabling this country to realise more fully the benefits of our membership of the European Community.

Mr. Neil Kinnock (Islwyn): Is the Prime Minister aware of the widespread feeling that yet again a summit has evaded the obligations and opportunities to tackle effectively unemployment in Europe and to promote Europe's role in international affairs? Does she recall saying to the House on her return from the Milan summit in July:

"I saw nothing before us that would require an amendment to the treaty"—[*Official Report*, 2 July 1985; Vol. 82, c. 189.] Why has she now performed a U-turn and agreed to procedures for amending the treaty as well as conceding the national right of veto in important sectors?

At Luxembourg, did the Prime Minister bother to pursue reform of the common agricultural policy, which produces food stockpiles that not only obviously outrage the British people but continue to distort seriously Community funding? Did she raise the question of the huge gap between social fund remittance and payments which, according to Commissioner Varfis, will ensure that the worst losses will be inflicted on the British people in 1986? Why does the Prime Minister continue to promote the idea of European foreign policy co-operation but ignore the views of our partners in the Community over issues such as the Falklands and South Africa, and today spitefully rejected their unanimous plea for us to remain in UNESCO?

The Prime Minister: We had a debate on economic matters and considered a substantial report by the Commission. It will be considered in more detail by the

[The Prime Minister]

finance Council. All member Governments present endorsed the approach of the Commission which was to pursue policies to keep inflation down and prudent financial policies, and thereafter to pursue deregulation and to take steps to bring the internal market into being.

As to the amendments, as the right hon. Gentleman is aware, most of what has been done now could have been achieved without treaty amendment. Many of the others wished to go by treaty amendment. I was not one of those, but as they wished to do so they were entitled to. The detailed drafting of the amendments shows that all our interests are protected. Many amendments, such as that on monetary matters, merely describe the state that we have reached in the Community. It was interesting that those who wanted treaty amendments most were those who have put a reserve on the results.

As to the CAP, the treaty is not the obstacle to reform. There is nothing wrong with the treaty provision for the common agricultural policy. The matter comes up each time, but, as we were dealing with treaty matters, reform did not arise.

As to foreign policy co-operation, I expect that there will continue to be differences, but we shall try to work together as much as possible. As the right hon. Gentleman mentioned the Falklands, I remind him of the support that we got from the Community when the Falklands campaign was beginning, support for which we were profoundly grateful.

Mr. David Howell (Guildford): Is not the best way to bring monetary affairs within the scope of the Community and the treaty to achieve free trade in financial services and free capital movement throughout the Community? Can my right hon. Friend reassure us that the summit agreement has made, and will make, progress on that front?

The Prime Minister: My right hon. Friend is aware that we pointed out to some of those countries that wished to go much further than we did that in practice we have released exchange controls and have freedom of capital movements, while some of those whose rhetoric was to the fore in the Milan Council have not done either of those things as yet, and some will not do it now. As my right hon. Friend made very clear, we were right. The treaty amendment is very modest. However, I doubt whether every country will free exchange controls, although Germany is anxious that capital movement should be freed.

Mr. Roy Jenkins (Glasgow, Hillhead): Does the Prime Minister regard the result of the European Council as a significant advance towards majority voting and more effective decision making? Is it again, in her view, just a question of "that much", or is this a significant advance?

The Prime Minister: If the articles that are enumerated in the treaty are passed, it will be a significant advance for the internal market. As the debate and discussion continued, it became obvious that those countries whose rhetoric had been the highest were among those who put a reserve on, for example, majority voting for transport matters in the Community. They are of great importance to us. As the right hon. Gentleman is very much aware, there was a big gap between the rhetoric and what they

were prepared to agree in practice. We had a small reservation about one matter. Other countries had reservations about the whole matter.

Mr. Teddy Taylor (Southend, East): Was it not a little daft to make significant concessions in order to achieve a piece of paper on the so-called completion of the market, when France has today imposed a complete ban upon all lamb imports and apparently we cannot do a single thing about it?

Was it wise for the Government to concede the veto on article 28 relating to changes to the common external tariff? Will not this mean that the majority of the member states can go ahead with a protectionist regime and that there is nothing that Britain can do about it?

The Prime Minister: On my hon. Friend's last point, he is aware that trade matters are for the European Community. We agree that sometimes by unanimity and sometimes by majority. Some of them are already agreed by majority.

As for my hon. Friend's question about lamb, that was not a matter for treaty amendment, so we were not considering it.

Mr. Tony Benn (Chesterfield): Will the Prime Minister clarify her view about the long-term objective of political union within a fully federal united states of Europe, about which a great deal is regularly said in the Commission and elsewhere? Is she aware that an overwhelming majority of the British people would not only reject it but would believe that the policies designed to deal with unemployment in Britain could not be carried through under the treaty as it now stands?

The Prime Minister: I do not believe in the concept of a united states of Europe, nor do I believe that it would ever be attainable. The whole history is completely different, so I agree with the right hon. Gentleman about that matter. I am constantly saying that I wish that they would talk less about European and political union. The terms are not understood in this country. In so far as they are understood over there, they mean a good deal less than some people over here think they mean.

Mr. Robert Jackson (Wantage): My right hon. Friend is to be congratulated upon a personal diplomatic success in ensuring that there is a high degree of practical content in these institutional agreements. One of the most striking features of the discussions seems to have been the silence of other delegations on the much discussed question of the revision of the Luxembourg compromise. How does my right hon. Friend envisage the future operation of majority voting procedures in the Community?

The Prime Minister: As my hon. Friend is very much aware, the Luxembourg compromise will still be applied even when there is majority voting, provided that a very important national interest is involved. He will also be aware that at Milan we said that we should write down that interest so that it could be clearly defined and seen by other delegations. However, my hon. Friend is right. Other delegations did not pursue that matter, so presumably the Luxembourg compromise will operate as it does now by the declaration of a particular point that is of very important national interest.

Mr. Eric Deakins (Walthamstow): What advantages does the Prime Minister now see in amendments to the basic treaties to extend the legislative powers of the

GRS 510

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FM BONN
TO IMMEDIATE FCO
TELNO 1151
OF 051502Z DECEMBER 85
INFO PRIORITY EC POSTS, MADRID, LISBON

FRAME GENERAL

LUXEMBOURG EUROPEAN COUNCIL: GERMAN PRESS REACTION

SUMMARY

1. GERMAN PRESS SEES THE OUTCOME AS MODEST BUT SATISFACTORY AND IS RELIEVED THAT AGREEMENT WAS REACHED. LITTLE INCLINATION TO RECALL APPARENT GERMAN ASPIRATIONS AT MILAN, AND NOTABLE ABSENCE OF REFERENCES TO THE ORIGINAL SIX. GENERAL APPROVAL OF THE GERMAN FORM OF WORDS ON EMS/EMU. CONCERN ABOUT THE ITALIAN AND DANISH RESERVES.

DETAIL

2. EARLY GERMAN PRESS DEADLINES MEANT THAT FEW PAPERS YESTERDAY HAD CAUGHT UP WITH THE OUTCOME OF THE LUXEMBOURG EUROPEAN COUNCIL. THE COUNCIL HAS BEEN PUSHED INTO SECOND PLACE IN TODAY'S EDITIONS, AS IN LAST NIGHT'S TELEVISION CURRENT AFFAIRS PROGRAMMES, BY THE NEWS THAT FLICK IS TO SELL HIS COMPANY. TODAY'S PRESS COMMENT IS LEVEL-HEADED AND UNEMPHATIC: THE COUNCIL IS JUDGED TO HAVE BEEN A MODEST SUCCESS WHICH WILL ALLOW EUROPE TO MOVE FORWARD SLOWLY BUT STEADILY. AS THE SUEDEUTSCHE ZEITUNG PUTS IT, "THE SNAIL HAS TAKEN A SMALL LEAP". THERE ARE FREQUENT REFERENCES TO PRAGMATISM, DIVERGENT NATIONAL INTERESTS, AND THE NEED TO MAKE HASTE SLOWLY: THERE IS LITTLE EVIDENCE OF DISAPPOINTMENT THAT THE OUTCOME WAS NOT MORE AMBITIOUS. ON THE OTHER HAND THERE IS NO SUGGESTION THAT THE IGC HAD PROVED A WASTE OF TIME.

3. THE FEDERAL CHANCELLOR HAS COME OUT OF IT WELL: COMMENTATORS SHOW LITTLE INCLINATION TO POINT UP THE GAP BETWEEN HIS PRE-MILAN ASPIRATIONS AND THE PRESENT OUTCOME. HE IS HELD TO HAVE SHOWN A GREATER GRASP THAN USUAL OF THE DETAILS OF THE NEGOTIATION, AND TO HAVE PROTECTED GERMAN INTERESTS WHILE DEVISING A COMPROMISE WHICH PREVENTED DEADLOCK ON THE EMS. A FEW PAPERS, NOTABLY THE FRANKFURTER ALLGEMEINE ZEITUNG, POINT OUT THAT WHILE ADVOCATES OF MONETARY UNION MAY COMFORT THEMSELVES WITH THE THOUGHT THAT THIS GOAL HAS

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BEEN WRITTEN INTO THE TREATY, FOR ALL PRACTICAL PURPOSES THE INSTITUTIONAL DEVELOPMENT OF THE EMS HAS BEEN MADE MORE DIFFICULT BY THE NEED FOR FORMAL RAMIFICATION BY ALL MEMBER STATES. THEY CONCLUDE THAT THE BUNDESBANK HAS NOTHING TO FEAR. THE PRESS IS ALSO SATISFIED WITH THE OUTCOME ON THE INTERNAL MARKET, AND CONFIDENT THAT DESPITE CERTAIN SECTORAL INTERESTS (INSURANCE, TRANSPORT AND FOOD STANDARDS ARE FREQUENTLY MENTIONED) THE FEDERAL REPUBLIC HAS MORE TO GAIN THAN LOSE FROM A MORE OPEN MARKET.

4. MOST OF YESTERDAY'S PAPERS CLAIM THAT THE PRIME MINISTER HAD BEEN IRRITATED BY KOHL'S 'DEFECTION' OVER THE EMS, WHICH RAN COUNTER TO HIS UNDERTAKINGS TO HER AT THE ANGLO-GERMAN SUMMIT. KOHL IS SAID TO HAVE TOLD THE PRESS THAT HE HAD A CLEAR CONSCIENCE: HE HAD AGREED TO OPPOSE DELORS' PROPOSAL, BUT THE CIRCULATION OF THE DUCH COMPROMISE TEXT HAD CREATED A NEW SITUATION.

5. THE PRESS NOTES OUR DIFFICULTIES OVER THE EMS/EMU AND OVER FRONTIER CONTROLS AND HEALTH STANDARDS, BUT THE UK IS NOT SINGLED OUT FOR COMMENT. THE OUTSIDERS ARE PLAINLY IDENTIFIED AS THE ITALIANS, BELGIANS AND DANES. THE PRESS IS WORRIED THAT THE ITALIANS AND DANES MAY REFUSE TO RATIFY THE TREATY AMENDMENTS. THERE IS NO SYMPATHY FOR THE ITALIAN LINE ON THE EUROPEAN PARLIAMENT: A NUMBER OF PAPERS SAY THAT IT WOULD BE IRRESPONSIBLE AND UNREALISTIC OF THE PARLIAMENT TO REJECT THE PACKAGE, WHICH IS A USEFUL COMPROMISE AND THE MAXIMUM ATTAINABLE IN THE PRESENT STAGE OF EUROPEAN DEVELOPMENT.

BULLARD

FRAME GENERAL
ECD (I)

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

5 December 1985

EM

Dear Charles,

European Council: Prime Minister's Statement to the House

Thank you for your letter of today's date. We have the following comments:

- X*
- (a) we would favour the insertion on page 2 after "Library of the House" of the following passage: "(.....) and in the Vote Office. I should like to pay tribute to the Prime Minister and Foreign Minister of Luxembourg, who in their Presidency role steered the discussions to a positive conclusion".
 - (b) On page 7 we would delete the last sentence, which might if included encourage dissidents to go on grinding their axes.
 - (c) At the top of page 8 the first sentence might then start "The UK has maintained one specific reserve, (.....)".
 - (d) We would, as ever, prefer "European Parliament" to "European Assembly".

Yours ever,

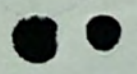
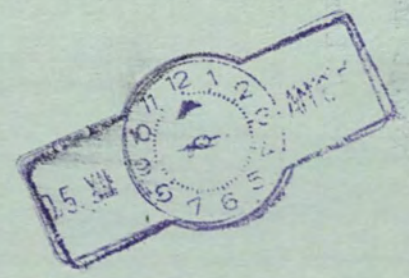
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
DENVER, COLORADO



UNCLASSIFIED
FM THE HAGUE
TO PRIORITY FCO
TELNO 429
OF 051700Z DECEMBER 85
INFO ROUTINE UKREP BRUSSELS, ATHENS, BONN, BRUSSELS, COPENHAGEN,
DUBLIN, PARIS, LUXEMBOURG, MADRID, LISBON

LUXEMBOURG EUROPEAN COUNCIL: DUTCH PRESS REACTIONS

SUMMARY

1. ALL THE DUTCH NEWSPAPERS DESCRIBED THE RESULTS OF THE SUMMIT AS 'MEAGRE' OR 'MINIMAL'. MANY EXPRESSED DEEP DISAPPOINTMENT. A MINORITY FELT LITTLE ELSE COULD HAVE BEEN EXPECTED, AND SOME EVEN APPLAUDED THE RESULTS. ONLY ONE PIECE WAS VERY CRITICAL OF THE UK. LUBBERS AND VAN DEN BROEK ARE REPORTED AS REASONABLY SATISFIED IN THE CIRCUMSTANCES WITH THE OUTCOME.

DETAIL

2. LEADING ARTICLES IN THE MAIN DUTCH NEWSPAPERS VARIOUSLY DESCRIBE THE OUTCOME OF THE COUNCIL AS 'MEAGRE', 'MINIMAL' AND A 'FIASCO'. THE RESULTS OF THE IGC ARE SEEN AS LIMITED, INSECURELY FOUNDED AND SERVING LARGELY TO POSTPONE THE PROBLEMS. THERE IS DISAPPOINTMENT THAT THE AGREEMENT ON MONETARY COOPERATION DID NOT GO FURTHER AND CRITICISM OF THE FACT THAT MORE PROGRESS TOWARDS MAJORITY VOTING WAS NOT ACHIEVED. DOUBTS ARE EXPRESSED OVER THE LIKELIHOOD OF THE COMMUNITY BEING ABLE ON THE BASIS OF THE AGREEMENT IN LUXEMBOURG TO COMPLETE THE INTERNAL MARKET BY 1992. ONLY ONE PAPER HOWEVER EXPRESSES DISAPPOINTMENT OVER THE FAILURE TO ENHANCE THE ROLE OF THE EUROPEAN PARLIAMENT.

3. ALGEMEEN DAGBLAD (CENTRE RIGHT) COMMENTS THAT THE BRITISH APPEAR TO HAVE BEEN RIGHT AFTER ALL: WHAT IS NEEDED TO MAKE PROGRESS IS A LITTLE POLITICAL GOODWILL, NOT THE REVISION OF THE TREATY. THE COURSE CHOSEN GENERATED A LACK OF GOODWILL, IF NOT DOWNRIGHT MISTRUST. THE MOST DEPRESSING ASPECT OF THE OUTCOME IS THE SLIDE AWAY FROM PARLIAMENTARY AND DEMOCRATIC CONTROL. NATIONAL PARLIAMENTS WILL NO LONGER HAVE A PROPER GRIP OF WHAT REALLY HAPPENS IN THE EC.

4. THE EDITORIAL IN DE VOLKSKRANT (CENTRE LEFT) SHOWS NO SURPRISE AT THE LIMITED ACHIEVEMENTS OF THE COUNCIL: THE REALITY OF EUROPEAN COUNCILS IS THAT THEY CAN ONLY PROCEED BY TAKING VERY SMALL STEPS. GIVEN THE ORIGINAL OPPOSITION TO TREATY REVISION BY THE UK, DENMARK AND GREECE, IT IS A SMALL MIRACLE THAT AT LEAST SOME AGREEMENT WAS REACHED. MRS THATCHER STILL MADE DIFFICULTIES FOR HER PARTNERS IN LUXEMBOURG, BUT AT LEAST SHE DID NOT ISOLATE HERSELF. THE UNCERTAIN PARTNERS ARE NOW DENMARK /AND.

AND ITALY, WITH ITALY'S ATTITUDE PERHAPS BEING THE MORE UNDERSTANDABLE. BY CONTRAST AN ARTICLE BY THE PAPER'S LONDON CORRESPONDENT DESCRIBES THE OUTCOME AS A GREAT SUCCESS FOR THE 'MINIMALISTS' IN THE COMMUNITY, SUCH AS DENMARK AND GREECE, AND A PERSONAL VICTORY FOR MRS THATCHER, THE STRONGEST OPPONENT OF TREATY REVISION. ONCE AGAIN MRS THATCHER'S PERFORMANCE DEMONSTRATED THAT THE IDEAL OF EUROPEAN UNITY WILL HAVE TO AWAIT A NEW INCUMBENT AT NO. 10. THE ATTITUDE OF THE BRITISH GOVERNMENT, FOR ALL ITS TALK ABOUT ACTING AS A BRIDGE BETWEEN THE US AND EUROPE, CONTINUES TO BE THE GREATEST OBSTACLE TO A MORE DYNAMIC EUROPE.

[Roy Jenkins, perhaps!]

5. NRC HANDELSBLAD (CENTRE LIBERAL) COMMENTS THAT THE COMMUNITY HAS EDGED TOWARDS A EUROPE THAT IS MORE POLITICALLY, ECONOMICALLY AND MONETARILY UNITED, BUT THE PACE IS NOT FAST ENOUGH TO KEEP UP WITH AMERICAN AND JAPANESE ECONOMIC COMPETITION. THERE IS CAUSE FOR CAUTIOUS SATISFACTION AT THE END OF THE SUMMIT, BUT JUBILATION WILL HAVE TO BE SHELVED FOR QUITE SOME TIME.

6. ALL PAPERS REPORTED THE REACTIONS OF MR LUBBERS AND MR VAN DEN BROEK. MR LUBBERS DESCRIBED THE RESULTS AS 'SUFFICIENT'. 'CONSIDERING THAT AT MILAN THREE COUNTRIES HAD TOTALLY OPPOSED TREATY REVISION, I AM NOT DISSATISFIED WITH THE RESULTS. THE EUROPEAN TREATY WILL BE MODERNISED AND THE COMPLETION OF THE INTERNAL MARKET IS NOW WITHIN REACH. A TREMENDOUS EFFORT WILL HAVE TO BE MADE, BUT AT LEAST THE TAXI METER IS NOW RUNNING'. VAN DEN BROEK DESCRIBED THE OUTCOME AS A 'FORCEPS DELIVERY'. 'THE RESULT IS SOMEWHAT THIN AND VULNERABLE - NO FORCEPS CHILD IS PARTICULARLY ATTRACTIVE AT BIRTH, BUT IT WILL PULL THROUGH'. VAN DEN BROEK HOPED THAT MEMBER STATES WOULD START ACTING AS IF THE REVISED TREATY WERE ALREADY IN FORCE, DESPITE THE FACT THAT PARLIAMENTARY RATIFICATIONS WERE UNLIKELY TO BE COMPLETED FOR TWO YEARS.

MARGETSON

FRAME GENERAL

ECD (1) []

GRS 500

UNCLASSIFIED

FM BONN

TO IMMEDIATE FCO

TELNO 1162

OF 051705Z DECEMBER 85

INFO PRIORITY UKREP BRUSSELS, PARIS, ROME

INFO ROUTINE OTHER EC POSTS, MADRID, LISBON -

FRAME GENERAL

LUXEMBOURG EUROPEAN COUNCIL: KOHL'S STATEMENT TO THE BUNDESTAG

1. IN A STATEMENT TO THE BUNDESTAG TODAY CHANCELLOR KOHL SAID THAT THE DECISIONS TAKEN AT THE EUROPEAN COUNCIL IN LUXEMBOURG HAD TAKEN THE POLITICAL AND INSTITUTIONAL DEVELOPMENT OF THE COMMUNITY A DECISIVE STEP FORWARDS. THE FEDERAL GOVERNMENT HAD MADE A CRUCIAL CONTRIBUTION BOTH IN VOTING FOR THE CONFERENCE IN MILAN AND IN HELPING TO SHAPE THE PACKAGE OF MEASURES AGREED AT LUXEMBOURG. THE EUROPEAN BALANCE SHEET OF THE PRESENT FEDERAL GOVERNMENT, STARTING WITH THE STUTTGART PACKAGE, WAS MARKEDLY POSITIVE.

2. KOHL LISTED THE MAIN POINTS OF AGREEMENT:

- INTERNAL MARKET: IMPORTANT PROGRESS, BUT SOME EXCEPTIONS HAD HAD TO BE MADE FOR SENSITIVE AREAS, EG TAX AND SOCIAL QUESTIONS. THE GERMANS OF ALL PEOPLE HAD NO REASON TO FEAR THE COLD WIND OF COMPETITION:

- COHESION: A POLITICAL COMPROMISE BETWEEN WELL-BALANCED COMMUNITY POLICIES ON THE ONE HAND AND THE INTERESTS OF LESS-FAVOURLED AREAS ON THE OTHER:

- TECHNOLOGY, ENVIRONMENT: FAVOURED BY THE FEDERAL GOVERNMENT FROM THE START:

- MONETARY POLICY: A DIFFICULT DISCUSSION. THE EMS WAS A HALF-WAY STATION ON THE WAY TO EUROPEAN UNION, NOT A FINAL GOAL IN ITSELF. A PERSPECTIVE HAD BEEN OPENED UP. BUT THE LEGAL FRAMEWORK IN MEMBER STATES HAD BEEN PROTECTED, AND NATIONAL PARLIAMENTS WOULD HAVE TO BE INVOLVED BEFORE THERE WERE ANY INSTITUTIONAL CHANGES.

/ - EUROPEAN

- EUROPEAN PARLIAMENT: THE FEDERAL GOVERNMENT REMAINED ATTACHED TO AN EXTENSION OF ITS INFLUENCE, BUT THERE WERE DIFFERING VIEWS IN OTHER MEMBER STATES. THE GERMANS HAD PROPOSED A MORE AMBITIOUS TEXT FOR THE IGC, BASED ON THEIR EXPERIENCE OF THE FEDERAL SYSTEM. BUT IT WAS EXTREMELY DIFFICULT FOR PARTNERS FROM "CLASSIC CENTRALIST STATES" TO ACCEPT A TRANSFER OF POWERS. KOHL'S MESSAGE TO HIS FRIENDS IN THE EP WAS THAT AS MUCH AS WAS FEASIBLE HAD BEEN ACHIEVED. THE LAST WORD REMAINED WITH THE COUNCIL. KOHL PERSONALLY IDENTIFIED HIMSELF WITH THIS DECISION WHICH WAS WISE AT THE PRESENT TIME. A SIGNAL HAD HOWEVER BEEN GIVEN FOR THE FUTURE (APPLAUSE FROM THE CDU):

- FOREIGN POLICY COOPERATION: THIS HAD ALWAYS BEEN AN AIM OF THE FEDERAL GOVERNMENT. ACCORDINGLY TOGETHER WITH FRANCE THEY HAD TABLED A DRAFT TREATY ON POLITICAL COOPERATION (SIC) AT MILAN. THE IGC HAD HELD INTENSIVE DISCUSSIONS OF THIS INITIATIVE, AND OF THE DRAFT TABLED SIMULTANEOUSLY (SIC) BY THE BRITISH. THE TEXT AGREED AT LUXEMBOURG CONTAINED IMPORTANT ELEMENTS OF BOTH DRAFTS.

3. KOHL CONCLUDED THAT EUROPEAN POLICY WOULD ALWAYS CONSIST OF SMALL STEPS. POLITICAL AND SOCIAL STRUCTURES WHICH HAD GROWN OVER CENTURIES COULD NOT BE CHANGED OVERNIGHT. FORTUNATELY THE YOUNG PEOPLE OF EUROPE WERE DETERMINED TO MAKE PROGRESS, AS HE HAD BEEN REMINDED IN CAMBRIDGE RECENTLY. BUT WE MUST NOT FORGET THAT THE WEST WAS ONLY PART OF EUROPE. THE AIM OF EUROPEAN INTEGRATION WAS TO OVERCOME THE DIVISION BETWEEN EAST AND WEST. EVERY SMALL STEP FORWARD WAS A STEP INTO A BETTER FUTURE.

BULLARD

FRAME GENERAL

ECD(1) []



DSC

10 DOWNING STREET

From the Private Secretary

MR. WILLIAMSON

CABINET OFFICE

Thank you for your minute attaching a draft letter to Monsieur Santer, the President of the European Council. However, the Prime Minister has already written.

I am copying this minute to Colin Budd (Foreign and Commonwealth Office) and to Sir Robert Armstrong.

Charles Powell

5 December 1985

BM



Qz.04726

MR POWELL

EUROPEAN COUNCIL, 2-3 DECEMBER

The Prime Minister may wish to send a letter to
Monsieur Santer, the President of the European Council.
I attach a draft.

I am sending a copy to Colin Budd (FCO) and to
Sir Robert Armstrong.

Df Williamson

D F WILLIAMSON

5 December 1985

Draft letter for the Prime Minister to send
to Monsieur Santer

I was glad that the European Council was able to reach agreement this week on the difficult issues in the Intergovernmental Conference. I have no doubt that your own able Chairmanship made a major contribution to this good result. We are also very appreciative of the way in which your colleague, Monsieur Poos, and the Luxembourg Presidency at all levels, have dealt with these matters in recent months.

UNCLASSIFIED [FRAME GENERAL]

FM ROME

TO IMMEDIATE FCO

TELNO 1030

OF 041400Z DECEMBER 85

INFO PRIORITY UKDEL NATO, OTHER EUROPEAN COMMUNITY POSTS

INFO PRIORITY MADRID, LISBON

LUXEMBOURG COUNCIL: ITALIAN PRESS REACTION.

SUMMARY.

1. UNANIMOUS DISAPPOINTMENT WITH RESULTS OF COUNCIL. AGREEMENT SEEN AS EXCESSIVELY WEAKENED BY RESERVES AND COMPROMISES. LITTLE CRITICISM OF UK'S ROLE. SUPPORT FOR ITALIAN STANCE. MORE CONSIDERED REACTIONS LIKELY TOMORROW.

DETAIL.

2. EXTREME DISAPPOINTMENT IS EXPRESSED BY ALL PAPERS, BUT THERE IS NO TENDENCY TO ALLOCATE BLAME TO ONE PARTICULAR COUNTRY. MOST PAPERS SAY THAT THE ALIGNMENT OF LONDON WITH PARIS AND BONN ON THE MONETARY ISSUE WAS CRUCIAL FOR THE OUTCOME OF THE MEETING. ALTHOUGH MORE CONSIDERED COMMENT WILL COME TOMORROW, THE PRESS SEEM TO SUPPORT ITALY'S ROLE WHILE COMMENTING ON ITS ISOLATION ON THE QUESTION OF THE POWERS OF THE EUROPEAN PARLIAMENT. MOST PAPERS TAKE IT FOR GRANTED THAT THE LATTER WILL REFUSE TO AGREE THE RESULTS OF THE MEETING. SOME RESENTMENT OVER DANISH PRIME MINISTER'S COMMENT "ONLY MUSSOLINI THOUGHT HE WAS ALWAYS RIGHT".

3. THE CENTRE "CORRIERE DELLA SERA" (GUATELLI) SPEAKS IN SOBER TERMS OF THE "MARGINAL RETOUCHING OF THE ROME TREATY WHICH WILL NOT IMPROVE COMMUNITY COOPERATION" AND SAYS THAT "THE AGREEMENT ON THE MONETARY FRONT IS A SHINING EXAMPLE OF EURO-HYPOCRISY". THE PAPER ALSO CONDEMNS DELORS FOR HIS "PRAGMATIC APPROACH" AND FOR BEHAVING MORE LIKE A FRENCHMAN THAN A EUROPEAN. THE PAPER SEES GERMANY'S ROLE AS CRUCIAL AND COMMENTS THAT IT HAS EMERGED STRONGER FROM THE COUNCIL. THE FINANCIAL PAPER "IL SOLE 24 ORE" COMMENTS THAT CRAXI THOUGHT HE COULD FORCE THE HAND OF BRITAIN, GREECE AND DENMARK IN MILAN, BUT THAT HIS PARTNERS ON THAT OCCASION HAD MELTED AWAY AND THAT THERE WAS A LACK OF REALISM IN HIS EUROPEAN APPROACH. THE PAPER COMMENTS THAT AMERICA AND JAPAN CAN SLEEP PEACEFULLY NOW THAT IT IS CERTAIN THAT THE EUROPE EMERGING FROM THE LUXEMBOURG MEETING WILL NOT IMPINGE UPON THEIR POLITICAL AND ECONOMIC INFLUENCE IN THE WEST. THE CENTRE-LEFT "REPUBBLICA" HAS ITS USUAL DRAMATIC HEADLINES. "THE MEETING FAILED - EUROPE IS IMPOTENT" AND "ITALY REMAINS ALONE". IT SEES AS THE ONLY POSITIVE OUTCOME THE ACCEPTANCE OF THE EXPRESSIONS "ECONOMIC AND MONETARY UNION" AND "EUROPEAN MONETARY SYSTEM". THE PAPER COMMENTS IRONICALLY ON THE "SUCCESS" OF THE SINGLE MARKET TO BE ACHIEVED BY 1992. "LA REPUBBLICA" SUGGESTS THAT CRAXI COULD NOT ACCEPT RESPONSIBILITY FOR THE FAILURE OF THE CONFERENCE AND WAS THUS FORCED TO GO ALONG WITH A SERIES OF COMPROMISES WHILE MAINTAINING A CRUCIAL RESERVE ON THE

/OUTCOME

OUTCOME, IN PARTICULAR ON THE EUROPEAN PARLIAMENT ISSUE. THE SOCIALIST PAPER 'AVANTI' DESCRIBES THE RESULTS OF THE COUNCIL AS 'FRANKLY DISAPPOINTING' AND NOTES THAT 'THERE WAS NO POLITICAL WILL TO PROCEED TO THE PROFOUND REFORMS NECESSARY FOR THE FUTURE OF THE EC'. IT HOPES THAT THE REJECTION OF THE COUNCIL'S CONCLUSIONS BY THE EUROPEAN PARLIAMENT WILL INDUCE THE 12 HEADS OF GOVERNMENT TO REFLECT ON THE SITUATION AND TO DISCUSS THEM AGAIN MORE SUCCESSFULLY. THE CHRISTIAN DEMOCRAT PAPER 'IL POPOLO' IS LESS DISSATISFIED WITH THE RESULTS OF THE MEETING BUT COMMENTS ON THE 'DOWNWARDS COMPROMISES. THE COMMUNIST 'UNITA'' TALKS OF A DIVIDED EUROPE. IT CATEGORISES ANDREOTTI AS THE 'HARDLINER', AND CRAXI AS BEING MORE OPEN TO THE ARGUMENTS OF HIS COLLEAGUES. IT DESCRIBED AS 'ABSURD' THE EUROPEAN PARLIAMENTS EXCLUSION FROM THE DECISION-MAKING PROCESS. THE RIGHT-OF-CENTRE 'GIORNALE' SAYS 'EUROPE REMAINS A UTOPIA - ITALY ISOLATED IN THE FIGHT FOR UNITY'. THE PAPER COMMENTS BITTERLY ON THE HOPES OF THOSE STRIVING FOR A UNITED EUROPE BEING LOST IN AN AVALANCHE OF WORDS AND SAYS THAT FRANCE AND GERMANY'S PERFORMANCE WAS DISAPPOINTING.

BRIDGES

FRAME GENERAL
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GRS 300

CONFIDENTIAL

CONFIDENTIAL
FM COPENHAGEN
TO IMMEDIATE FCO
TELNO 304
OF 041040Z DECEMBER 85
INFO PRIORITY UKREP BRUSSELS
INFO ROUTINE OTHER E C POSTS

FRAME INSTITUTIONAL

MY TELNO 302 : LUXEMBOURG COUNCIL : IGC.

1. SCHLUETER SAID IN A DANISH RADIO INTERVIEW ON 4 DECEMBER THAT AGREEMENTS REACHED AT LUXEMBOURG WERE FULLY IN ACCORDANCE WITH FOLKETING RESOLUTIONS AND THAT HE THOUGHT THE PRO-EEC PARTIES COULD ACCEPT THEM. EUROPEAN UNION WAS OUT. THE SOCIAL DEMOCRAT SPOKESMAN, NOERGAARD, WAS STUDIOUSLY NON-COMMITTAL, SAYING THAT HE WOULD WANT TO SEE THE TEXTS. I UNDERSTAND THAT SCHLUETER IS GUARDEDLY OPTIMISTIC OF GETTING THE BACKING OF THE MARKET COMMITTEE AT ITS MEETING ON 6 DECEMBER.

2. OESTROM MOELLER, MFA, TOLD US THAT THE GOVERNMENT'S TACTICS FOR THE NEXT WEEK WILL BE TO HAVE DISCREET MEETINGS WITH BOTH THE DANISH TRADES UNION CONGRESS, TO DEMONSTRATE THE BENEFITS OF THE INTERNAL MARKET AND THE CONCESSIONS TO DENMARK ON ENVIRONMENT QUESTIONS, AND THE SOCIAL DEMOCRATS. ASSUMING THAT THE MARKET COMMITTEE IS WON OVER THIS WEEK, THE NEXT HURDLE WILL BE A FOLKETING DEBATE ON 10 DECEMBER. HERE THE GOVERNMENT WILL EMPHASISE THAT THERE IS NO MENTION OF UNION AND THAT THERE IS NO AGREEMENT YET ON THE PARLIAMENT, THOUGH MOST WANT THE COUNCIL TO HAVE THE LAST WORD. THE EUROPEAN PARLIAMENT'S EXPECTED REJECTION OF THE AGREEMENTS ON 11 DECEMBER WILL BE USED HERE TO SUPPORT THE GOVERNMENT'S CASE THEREAFTER.

3. THE SOCIAL DEMOCRATS HOLD THE KEY. IF THEY ARE DISPOSED TO HELP SCHLUETER HE WILL ACHIEVE HIS OBJECTIVE OF BRINGING DENMARK ALONG WITH WHATEVER THE UNITED KINGDOM CAN ACCEPT. THERE HAVE BEEN SOME SIGNS LATELY THAT THEIR AGGRESSIVE MOOD IS MODERATING A LITTLE, BUT THEY ARE STILL PLAYING WITH HIGH STAKES.

MELLON

FRAME INSTITUTIONAL
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OF 040125Z DECEMBER 85
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY EUROPEAN COMMUNITY POSTS, LISBON, MADRID

FRAME GENERAL

EUROPEAN COUNCIL, LUXEMBOURG 2/3 DECEMBER 1985.

1. THIS WAS A GRUELLING MARATHON OF A EUROPEAN COUNCIL. THE COUNCIL ITSELF MET (INCLUDING WORKING MEALS) FOR 27 HOURS. IF ONE COUNTS THE FULL DAY OF THE FOREIGN MINISTERS' CONCLAVE WHICH IMMEDIATELY PRECEDED IT AND WAS AN INTEGRAL PART OF THE DISCUSSION, IT FAR EXCEEDED IN LENGTH ANY PREVIOUS COUNCIL. NO DOUBT MANY COMMENTATORS WILL SAY THAT IT WAS ABSURD FOR HEADS OF GOVERNMENT TO BE INVOLVED IN THE DETAILED DRAFTING OF TREATY TEXTS. I CAN ONLY SAY THAT I DO NOT SEE HOW ELSE SENSITIVE ISSUES OF WHAT IS LIKELY ONE DAY TO BE DIRECTLY APPLICABLE LAW IN THE MEMBER STATES COULD HAVE BEEN SETTLED.
2. YOU AND THE PRIME MINISTER STEADILY WORKED YOUR WAY THROUGH THE LIST OF KEY POINTS WHICH WE NEEDED TO SETTLE TO PROTECT OUR INTERESTS. THERE WERE SOME ANXIOUS MOMENTS AND MUCH TOUGH AND CONFUSED NEGOTIATION. BUT AT THE END OF THE COUNCIL ALL OUR KEY OBJECTIVES WERE SECURED. ONCE KOHL HAD COLLAPSED ON THE MONETARY ISSUE, THE CHOICE WAS BETWEEN FIGHTING ON ALONE AND VERY PROBABLY BREAKING UP THE CONFERENCE IN A WAY WHICH WOULD HAVE BEEN DEEPLY DAMAGING TO US, OR GOING FOR THE MINIMUM WE COULD ACHIEVE. I AM SURE THE RIGHT CHOICE WAS MADE AND THE VESTIGIAL TEXT FINALLY AGREED IN THIS FIELD REFLECTED AN ACCEPTABLE OUTCOME.
3. THE FACT THAT THIS EUROPEAN COUNCIL LASTED MUCH LONGER THAN ITS PRECEDENTS AND YET DID NOT, AS SO MANY OF THEM DID, BREAK UP IN ACRIMONIOUS DISCORD, REFLECTED THE FACT THAT MOST MEMBER STATES ARRIVED AT THE MEETING, AND REMAINED, DETERMINED TO TRY TO REACH CLEAR CUT DECISIONS. THERE WAS OF COURSE A GOOD DEAL OF GRANDSTANDING FROM THE MAXIMALISTS AND THE COMMISSION. NO DOUBT THIS WILL BE REFLECTED IN SUBSEQUENT PUBLIC COMMENT. BUT, OFTEN FOR WIDELY DIFFERING REASONS, THERE WAS CLOSE TO A CONSENSUS (ABOVE ALL BETWEEN FRANCE, GERMANY AND OURSELVES) THAT A CONTINUATION OF THE NEGOTIATING PROCESS OR ITS BREAKDOWN WOULD HAVE BEEN DAMAGING TO THE COMMUNITY AND ITS MEMBER STATES AND AN UNACCEPTABLE DISTRACTION FROM THE PRESSING PRACTICAL MATTERS TO WHICH THE COMMUNITY MUST FIND ANSWERS IN THE MONTHS AHEAD. ONLY THE ITALIANS FROM TIME TO TIME APPEARED TO BE PLAYING A WRECKING ROLE. THE DANES JUST WISHED THE CONFERENCE WOULD GO AWAY OR GET BOGGED DOWN BUT DID NOTHING VERY EFFECTIVE ABOUT IT. THE GREEKS AND THE TWO APPLICANT COUNTRIES PLAYED HARDLY ANY ROLE AT ALL.

CONFIDENTIAL

CONFIDENTIAL

4. THE GAME IS NOT OVER YET. THERE WILL BE A NUMBER OF DIFFICULT POINTS TO BE SETTLED IN THE LEGAL DRAFTING STAGE. WE SHOULD BE REASONABLY WELL PLACED TO SECURE THOSE WE NEED OURSELVES, SINCE WE ARE LESS COMMITTED TO THE TREATY REFORM PROCESS THAN MANY OTHERS. BUT I DOUBT IF IT WOULD BE IN OUR INTEREST, OR INDEED BE PRACTICABLE, TO SEEK SUBSTANTIVE CHANGES IN TEXTS WHICH OFTEN REFLECT HARD WON COMPROMISES.

5. NOR AT THE SUBSTANTIVE POLITICAL LEVEL IS THE GAME FULLY PLAYED OUT YET. THE DANISH RESERVES ARE LIKELY TO LOOM LARGER IN POLITICAL MANOEUVRING IN COPENHAGEN THAN IN THE CALCULATIONS OF MINISTERS OF OTHER MEMBER STATES, ALTHOUGH ULTIMATELY THEY COULD BLOCK RATIFICATION (OR EVEN SIGNATURE) OF THE NEW TREATY. I WILL NOT TRY TO PREDICT THE OUTCOME, BUT THERE IS A WIDESPREAD FEELING HERE THAT THE DANES ARE GETTING FURTHER AND FURTHER REMOVED FROM THE MAINSTREAM OF COMMUNITY BUSINESS AND THAT TRYING TO APPEASE THE WHIMS OF THE FOLKETING COMMITTEE IS NOT A PROFITABLE OCCUPATION FOR THE OTHER MEMBER STATES. THE ITALIAN RESERVES ARE PROBABLY BOTH LESS SERIOUS AND MORE DANGEROUS: LESS SERIOUS BECAUSE THE POINTS OF SUBSTANCE ARE PRETTY SLIGHT: MORE DANGEROUS BECAUSE THEY APPEAR TO BE HANDING THE EUROPEAN PARLIAMENT A VETO OVER TREATY REFORM. IF, AS SEEMS VERY LIKELY, THE E.P. REJECTS THE REFERENCES NOW AGREED AND IN PARTICULAR SPURNS THE PARLIAMENTARY CHAPTER OF THEM, THE STAGE WILL BE SET FOR A HEAD-ON CONFRONTATION BETWEEN THE PARLIAMENT AND ITALY ON THE ONE HAND AND THOSE MEMBER STATES LIKE OURSELVES WHICH WILL NOT BE PREPARED TO TRANSFER MORE POWERS AND INFLUENCE TO THEM.

6. AS TO OUR OWN ROLE, THIS WAS NEVER AN EASY ONE. BUT THE OUTCOME CAN, I THINK, BE CONSIDERED SATISFACTORY. WE NEVER WANTED TO GET INTO THE TREATY REFORM EXERCISE AND I THINK OUR REASONS ARE BETTER AND MORE SYMPATHETICALLY UNDERSTOOD THAN IN THE AFTERMATH OF MILAN. BUT OUR WILLINGNESS TO WORK CONSTRUCTIVELY THROUGHOUT THE I.G.C AND IN THE END TO ACCEPT SOME MODEST TREATY AMENDMENT SHOWED OUR ABSOLUTE DETERMINATION NOT TO BE MARGINALISED IN THE FORMULATION OF COMMUNITY POLICY. THIS SHOULD STAND US IN GOOD STEAD IN THE FUTURE. MEANWHILE, IT IS A PARTICULAR RELIEF TO US TO HAVE DRAWN THE LINE UNDER THE LONG INSTITUTIONAL DEBATE WHICH HAS ALWAYS CAUSED MORE DIFFICULTY FOR US THAN FOR MOST OF OUR PARTNERS. WITH LUCK AND GOOD STEERING FROM THE DUTCH AND BRITISH PRESIDENCIES, THERE IS A REASONABLE CHANCE THAT THE COMMUNITY CAN, FOR A PERIOD, CONCENTRATE ON MORE PRESSING, PRACTICAL BUSINESS. **CONFIDENTIAL** -2-

CONFIDENTIAL

7. AN OUTLINE OF THE DISCUSSION IS IN MIFT.

MILES

YYY

FRAME GENERAL

FCO ADVANCE TO:-

FCO - RENWICK, WALL, RICHARDSON, P.S, P.S/RIFKIND.

CAB - WILLIAMSON, JAY, POWELL (NO.10).

DTI - BRECKNELL, LOUGHEAD.

MAFF - HADLEY.

TSY - LAVELLE, LITTLER.

DOE - GRUFFYD-JONES.

UKREP DIST:A NORMAL I.G.C.

CCN: PSE CORRECT TELNO TO READ 508 RPT 508

LMLNAN 0376

FRAME GENERAL

ECD(1)

COPIES TO:

ADVANCE ADDRESSEES.

GRS 690

RESTRICTED

RESTRICTED

FM PARIS

TO PRIORITY FCO

TELNO 1078

OF 041802Z DECEMBER 85

INFO ROUTINE ATHENS, BONN, UKREP BRUSSELS, BRUSSELS, COPENHAGEN,
INFO ROUTINE DUBLIN, LUXEMBOURG, ROME, THE HAGUE, LISBON, MADRID.

FRAME GENERAL

EUROPEAN COUNCIL: FIRST FRENCH REACTIONS.

SUMMARY.

1. REACTION SO FAR LIMITED BY TIMING OF CONCLUSION OF COUNCIL, BUT FIRST INDICATIONS ARE THAT THE AGREEMENT WILL BE ACCORDED A WELCOME RANGING FROM QUIET SATISFACTION TO STRONG APPROVAL. GOVERNMENT PRESENTATION IS MARKEDLY POSITIVE.

DETAIL.

2. THE COUNCIL ENDED TOO LATE FOR FULL REPORTING AND COMMENT IN THE PRESS. BUT THIS AFTERNOON'S LE MONDE HAS AN EDITORIAL AND LEADS WITH LEMAITRE'S REPORT.

3. LE MONDE ENTITLES ITS EDITORIAL 'A STEP TOWARDS MATURITY'. IT DECLARES THE AGREEMENT TO BE MORE IMPORTANT THAN ITS AUTHORS ARE SO FAR SAYING, AND GIVES IT AN UNRESERVED WELCOME. IT JUDGES THAT 'THE ADOPTION OF MORE EFFICIENT DECISION MAKING PROCEDURES MAY WELL SHOW THEMSELVES TO BE OF THE HIGHEST IMPORTANCE..... IF THE COMMUNITY NOW SUCCEEDS IN MOVING TO THE STAGE OF MAJORITY VOTING IT WILL ENTER A NEW ERA WHICH COULD STRONGLY RESEMBLE MATURITY. NO DOUBT THESE IMPROVEMENTS ARE NOT SUCH AS TO AROUSE THE ENTHUSIASM OF THE CROWD, BUT THEY NONETHELESS ADVANCE THE CONSTRUCTION OF POLITICAL EUROPE, FOR WHICH THE FOUNDATION WAS LAID THIRTY YEARS AGO.....'

4. LEMAITRE BELIEVES IT WILL MAKE POSSIBLE THE RELAUNCHING OF THE COMMUNITY. HIS REPORT, LIKE OTHERS EARLIER, PRESENTS FRANCE AS LEADING THE MOVEMENT FOR 'AN ECONOMIC AREA WITHOUT FRONTIERS' BY 1992, AND REFERS VERY POSITIVELY TO THE 'FOUR FREEDOMS' OF CIRCULATION. HE QUOTES THE JUDGEMENT OF AN UNNAMED SENIOR OFFICIAL THAT A NEW CHAPTER HAS OPENED IN THE FUNCTIONING OF THE COMMUNITY.

5. MITTERRAND HAS CALLED THE OUTCOME 'A COMPROMISE FOR PROGRESS', DUMAS REPORTING TO HIS MINISTERIAL COLLEAGUES, JUDGED THE SUCCESS OF THE COUNCIL AS GREATER THAN EXPECTED, AND SAID IT 'GAVE GROUNDS FOR HOPING THERE WOULD BE RATHER SIGNIFICANT ADVANCE IN BUILDING EUROPE.'

RESTRICTED

16.

6. MME LALUMIERE TOLD LADY YOUNG TODAY THAT THE OUTCOME WAS GOOD, ALTHOUGH IT DID NOT GO AS FAR AS THE FRENCH WOULD HAVE LIKED, PARTICULARLY ON MONETARY UNION AND SOCIAL POLICY. SHE, AND QUAI OFFICIALS, STRESSED THAT WITHOUT AGREEMENT ON MONETARY UNION THEY MIGHT HAVE BLOCKED THE WHOLE PACKAGE. ON THE INTERNAL MARKET, THE FRENCH WERE, SHE SAID, VERY PLEASED THAT IN THE END A COMPROMISE HAD BEEN FOUND WHICH RESPECTED THE BALANCE BETWEEN OUR CONCERNS OVER HEALTH ETC AND THE UNITY OF THE MARKET. ON THE EUROPEAN PARLIAMENT THE FRENCH RECOGNISED THAT THE UK HAD MADE AN EFFORT IN ACCEPTING A LIMITED REFORM. IT WOULD NOW BE NECESSARY TO WORK UP THE TEXTS AND MME LALUMIERE HOPED THAT NO NEW PROBLEMS WOULD EMERGE AT THAT STAGE.

7. FINANCIAL COUNSELLOR DISCUSSED THE OUTCOME WITH CONSTANS (DEPUTY SECRETARY GENERAL, SGC1), WHO DISPLAYED SOBER SATISFACTION WITH THE RESULTS. HE EXPRESSED NO REGRETS ON ANY SCORE, BUT SOME ANXIETY OVER THE ITALIAN AND, PARTICULARLY, THE DANISH RESERVATIONS, FEARING THAT THE DANISH GOVERNMENT MAY NOT HAVE THE STRENGTH TO ENSURE RATIFICATION. IT HAD BEEN IMPORTANT FOR MITTERRAND TO HAVE "A SUCCESS" AT LUXEMBOURG AND FRENCH PUBLIC OPINION, HE BELIEVED, WOULD ACCEPT THE AGREEMENT AT THE VALUE PLACED UPON IT BY THE GOVERNMENT, BEING NEITHER SUFFICIENTLY INTERESTED OR INFORMED TO MAKE AN INDEPENDENT ASSESSMENT OF ITS SUBSTANCE. CONSTANS IDENTIFIED THREE OPTIONS FOR RATIFICATION IN FRANCE:

- (A) ULTRA RAPID RATIFICATION BY THE TIME THE PRESENT PARLIAMENTARY SESSION ENDS BEFORE CHRISTMAS, ALTHOUGH IT WAS BY NO MEANS SURE THAT THIS COULD BE ACCOMPLISHED IN THE TIME AVAILABLE AFTER THE HOPED FOR FINALISATION OF TEXTS ON 16 DECEMBER,
- (B) PARLIAMENT COULD BE SUMMONED FOR A SPECIAL SESSION IN THE NEW YEAR, OR
- (C) MITTERRAND MIGHT HAVE THE AGREEMENT RATIFIED BY REFERENDUM, HOPING THEREBY TO REINFORCE HIS POLITICAL AUTHORITY AHEAD OF THE MARCH LEGISLATIVE ELECTIONS.

FRETWELL
FRAME GENERAL
ECD (1)

YYYY
PCLNAN 1671

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RESTRICTED

NNNN

GRS 900

UNCLASSIFIED

FM UKREP BRUSSELS

TO DESKBY 050900Z FCO

TELNO 4235

OF 041810Z DECEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, LISBON, MADRID

FRAME INSTITUTIONS

EUROPEAN COUNCIL: DELORS PRESS CONFERENCE.

SUMMARY

1. DELORS DESCRIBES OUTCOME AS 'A COMPROMISE OF PROGRESS'. REGRETS THAT HIS PROPOSAL ON POWERS FOR THE EUROPEAN PARLIAMENT DID NOT FIND FAVOUR, BUT DECLINES TO UPSET THE APPLICANT. THE TWO ITALIAN COMMISSIONERS DO LIKEWISE.

DETAIL

2. DELORS GAVE A PRESS CONFERENCE ON 4 DECEMBER. HE WAS WELL PLEASED WITH THE EUROPEAN COUNCIL'S DISCUSSION OF THE ECONOMY. THE COMMISSION HAD HOPED FOR MORE FROM THE IGC - BUT THE OUTCOME WAS 'A COMPROMISE OF PROGRESS' (AN ECHO OF SANTER'S CONCLUDING SPEECH AT THE EUROPEAN COUNCIL LAST NIGHT) WHICH THEY HOPED TO MAKE MORE DYNAMIC. THEIR THREE AIMS THROUGHOUT HAD BEEN TO DEFINE THE COMMUNITY'S OBJECTIVES FOR THE NEXT TWENTY YEARS, TO IMPROVE INSTITUTIONAL EFFICIENCY/DEMOCRACY, AND TO GROUP THE WHOLE - INCLUDING POLITICAL COOPERATION - UNDER A 'SINGLE ACT' (WHICH WOULD BE DRAFTED BY FOREIGN MINISTERS ON 16/17 DECEMBER).

3. THE BASE OF THE RELAUNCH OF THE COMMUNITY WAS IN THE IGC'S AGENDA:- INTERNAL MARKET, MONETARY COOPERATION, COHESION, TECHNOLOGY, ENVIRONMENT AND CULTURE. THE DANES HAVE ADDED THE SOCIAL DIMENSION, WHICH FIGURED IN THE EUROPEAN COUNCIL CONCLUSIONS AND WAS A SMALL BREACH IN THE DYKE WHICH COULD LEAD TOWARDS THE REALISATION OF A WORKERS' EUROPE. IT WAS UP TO THE COMMISSION AND THE EP TO PURSUE THIS OBJECTIVE. AFTER SOME IRRATIONAL DEBATE, HEADS OF GOVERNMENT HAD DECIDED TO CONSOLIDATE ECONOMIC AND MONETARY UNION AS A TREATY OBJECTIVE. FOREIGN MINISTERS HAD A MANDATE TO EXAMINE PROPOSALS ON CULTURE - A COMMISSION PRIORITY.

THE COMMUNITY INSTITUTIONS

4. DELORS PROFESSED HIMSELF MORE RESERVED ON THIS CHAPTER. THE TWO IGC/EP CONCERTATION MEETINGS HAD CONVINCED HIM THAT THE INITIAL PROPOSAL ON EP POWERS WAS INSUFFICIENT, NOT JUST FOR THOSE WHO WANTED A DECISIVE SLIP IN THE BALANCE BUT ALSO FOR THE MODERATES. THE COMMISSION'S ALTERNATIVE PROPOSAL CAME CLOSER TO CO-DECISION AND WAS ACCEPTABLE TO BELGIUM, FRANCE, NETHERLANDS AND ITALY. SADLY, DELORS HAD FAILED TO CONVINCe THE IGC AS A WHOLE. ANDREOTTI HAD PROPOSED A MORE AMBITIOUS REFORM, TO WHICH THE COMMISSION WAS SYMPATHETIC. DELORS CONCLUDED THAT THE IGC EXERCISE HAD BEEN WORTHWHILE, AND THAT THE COMMUNITY COULD ONLY LOSE IF THE COMMISSION

PROVOKED

PROVOKED A SPLIT. INSTEAD, THE COMMISSION WOULD USE ITS RIGHT OF INITIATIVE AND KEEP MEMBER STATES UP TO THE MARK. THE COMMISSION AWAITED WITH INTEREST THE OUTCOME OF THE EP PLENARY ON 11/12 DECEMBER, WHICH THEY WOULD TAKE INTO ACCOUNT IN PREPARING FOR THE IGC THE FOLLOWING WEEK.

5. NATALI AND RIPA DE MEANA THEN CONFIRMED THAT DELORS SPOKE FOR THE WHOLE COMMISSION. NATALI WAS NOT VERY HAPPY WITH THE OUTCOME ON EP POWERS, BUT IT WAS NOT FOR HIM TO ADVISE THE ITALIAN GOVERNMENT. RIPA DE MEANA CONFINED HIMSELF TO STRESSING THE DELICACY OF THE ISSUE, GIVEN THAT PFLIMLIN AND SPINELLI HAD CRITICISED ON 26 NOVEMBER WHAT THE EUROPEAN COUNCIL HAD NOW AGREED. DELORS SAID THAT THE COMMISSION COULD NOT PARTICIPATE IN THE WORK OF THE IGC RIGHT TO THE END AND THEN DISOWN THE OUTCOME. THE COMMISSION HAD WORKED TO ATTAIN THE MINIMUM ACCEPTABLE. HE WOULD NOT RECOMMEND REJECTION TO THE EP. EVERYONE HAD MADE CONCESSIONS AT LUXEMBOURG.

6. IN ANSWER TO QUESTIONS, DELORS SAID THAT THE REFERENCE TO MONETARY COOPERATION WERE IN LINE WITH HIS ORIGINAL PROPOSAL SINCE THEY INCLUDED A REFERENCE TO EMU AND EMS, ENCOURAGED MEMBER STATES TO GIVE A GREATER ROLE TO THE ECU AND ENABLED THE COMMISSION TO EXPRESS THEIR VIEWS. THE ECU WAS PART OF THE EUROPEAN DREAM:- DELORS HAD INSISTED ON ITS INCLUSION. THE TIME WAS NOT RIPE FOR THE EUROPEAN MONETARY FUND OR FOR RECOGNITION OF THE ECU AS A RESERVE CURRENCY.

7. DELORS DESCRIBED THE COMMISSION'S ROLE ON THE PRESERVATION OF NATIONAL MEASURES UNDER ARTICLE 36 IN THE INTERNAL MARKET. A MEMBER STATE WOULD TELL THE COMMISSION THAT CERTAIN NATIONAL MEASURES HAD TO BE PRESERVED IN THE FACE OF A COMMISSION DRAFT HARMONISING PROPOSAL. SOME SUCH MEASURES COULD INDEED BE JUSTIFIED - CERTAINLY FOR A LIMITED PERIOD. THE INTERNAL MARKET TEXT GAVE THE COMMISSION SOME NEW WEAPONS, WHICH IT WOULD USE: E.G. AN ACCELERATED PROCEDURE FOR BRINGING CASES TO THE ECJ.

8. ON INDIRECT TAXATION, ALL TWELVE MEMBER STATES WERE OPPOSED TO DECISIONS BY QUALIFIED MAJORITY. AS FRENCH MINISTER OF FINANCE HE HAD UPSET HIS NATIONAL AUTHORITIES BY SEEKING PROGRESS ON LIBERALISATION OF INSURANCE. SIR G HOWE HAD ALSO TRIED HARD WHEN CHAIRMAN OF ECOFIN. DELORS' EFFORTS HAD COME TO GRIEF ON THE PROBLEM OF TAXATION OF INSURANCE PREMIA.

9. ASKED ABOUT THE PROSPECTS FOR THE POUND STERLING JOINING THE EXCHANGE RATE MECHANISM, DELORS SAID IT HAD BEEN HIS IMPRESSION THAT THE BRITISH HAD ACCEPTED THE PRINCIPLE. THE PROBLEMS EXPERIENCED OVER INSERTING THE MODEST TEXT ON MONEY INTO THE TREATY MADE HIM MORE DOUBTFUL ABOUT THE UK'S INTENTIONS.

HANNAY
FRAME INSTITUTIONAL
ECO(1)

GRS 225

RESTRICTED

RESTRICTED
FM UKREP BRUSSELS
TO IMMEDIATE FCO
TELNO 4234
OF 041720Z DECEMBER 85

FRAME ECONOMIC

VAT SMALL TRADER EXEMPTION.

LUXEMBOURG TELNO 509.

1. AT THE EUROPEAN COUNCIL DELORS GAVE AN UNDERTAKING TO THE PRIME MINISTER TO RECOMMEND A HIGHER VAT THRESHOLD TO THE COUNCIL. (PARAGRAPH 10 OF TUR). WE SHALL BE TRYING TO BUILD ON THIS WITH THE DELORS AND COCKFIELD CABINETS TO SECURE THE BEST POSSIBLE PROPOSAL FROM THE COMMISSION ON THE VAT TREATMENT OF SMALL TRADERS.

2. BUT I AM CONVINCED THAT WE NEED NOW TO BEGIN A COORDINATED LOBBYING EXERCISE IN CAPITALS TO EXPLAIN TO OTHER GOVERNMENTS THE REASONS WHICH HAVE LED US TO PRESS FOR A MUCH MORE LIBERAL REGIME FOR THE SMALL TRADER EXEMPTION THAN APPLIES AT THE MOMENT. IT WILL NOT BE EASY TO GET SUPPORT FOR OUR VIEWS AT MINISTERIAL LEVEL UNLESS THE GROUND HAS BEEN PROPERLY PREPARED.

3. I SUGGEST THEREFORE THAT POSTS BE INSTRUCTED NOW TO LOBBY IN CAPITALS, IN PREPARATION FOR AN APPROACH AT MINISTERIAL LEVEL VERY EARLY IN THE NEW YEAR.

HANNAY
FRAME ECONOMIC
ECD(i)

RESTRICTED



10 DOWNING STREET

From the Private Secretary

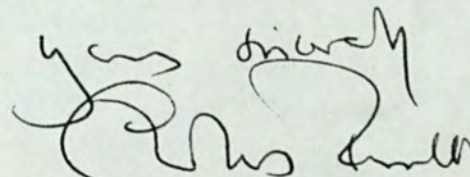
4 December 1985

Dear Colin,

**EUROPEAN COUNCIL: PRIME MINISTER'S
STATEMENT TO THE HOUSE**

I enclose a draft of the Prime Minister's Statement to the House tomorrow on the outcome of the European Council in Luxembourg on 2/3 December. The Prime Minister has pronounced herself generally content with it. I should be grateful for any comments or amendments which are considered essential by midday tomorrow.

I am copying this letter and enclosure to Stephen Boys Smith (Home Office), Rachel Lomax (HM Treasury), Sue Vandervord (Department of the Environment), John Mogg (Department of Trade and Industry), Leigh Lewis (Department of Employment), Ivor Llewelyn (MAFF), Richard Allan (Department of Transport) and David Williamson (Cabinet Office).

Yours sincerely

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

da



Qz.04724

MR POWELL *CM*

EUROPEAN COUNCIL, 2-3 DECEMBER: DRAFT PARLIAMENTARY STATEMENT

I attach a draft parliamentary statement for the Prime Minister.

I am sending copies to Colin Budd (FCO) and to Sir Robert Armstrong.

Df Williamson

D F WILLIAMSON

4 December 1985

EUROPEAN COUNCIL, 2/3 DECEMBER: DRAFT PARLIAMENTARY
STATEMENT BY THE PRIME MINISTER

With permission, Mr Speaker, I shall make a statement about the European Council held in Luxembourg on 2/3 December. My Right Hon and Learned Friend, the Foreign and Commonwealth Secretary, accompanied me to this meeting. I have arranged for the conclusions of the Council to be put in the Library of the House.

The European Council reached agreement in five important areas.

First, there should be changes intended to speed up the decisions necessary for the completion of the Community's internal market. This has been a major United Kingdom objective within the Community for a long time, with the strong support of British industry and business. We agreed that there should be greater use of majority voting on the key treaty articles both on goods and services. This is subject to essential safeguards. Unanimity will remain for all important decisions on taxation, the free movement of persons and the rights and interests of employees. If measures affecting public, animal and plant health were adopted by qualified majority, this would not preclude national action justified by the need to protect these essential areas.

The United Kingdom's position and the position of this House are thus properly protected on the vital questions of taxation;

/on

on 'social engineering' measures which might be favoured by Hon Gentleman opposite but which would not be acceptable to this Government or to British industry; on frontier controls in relation to terrorism, crime, drugs and immigration from outside the Community; and on essential controls in the field of health, for example on rabies.

Secondly, the European Council agreed that the treaty should be brought up to date by new articles on technology, environment and the regional fund. Action has been taken in these areas on the basis of the general article in the treaty. Now we intend to set proper criteria related to the 1980s and 1990s. The United Kingdom played no part in writing the treaty almost 30 years ago. We welcome the new emphasis which the changes will give to forward looking policies.

Third, we agreed on what are mainly procedural changes intended to give the European Parliament a more constructive role in decision making. In all cases the last word will rest with the Council. But there will be better arrangements for taking account of amendments to legislation suggested by the European Parliament. There will be no transfer of power from this House.

Fourth, on monetary cooperation between member states, the text describes what has already been under way in the Community, without entering into new commitments.

/Finally,

Finally, agreement was reached on a treaty of Political Cooperation on the basis of the draft presented by the United Kingdom.

Some reserves, principally from Italy and Denmark, remain on the package. The full package will only go forward if these reserves are lifted. The United Kingdom has a reserve only on a proposed new social article, because of its potential impact on our small and medium businesses.

The European Council also discussed the economic and social situation. It welcomed the economic progress which is being made and which has made it possible to stabilise the level of unemployment and to reduce it in some member states. On deregulation, the Commission gave an undertaking, which the European Council welcomed, that in future all new proposals would be accompanied by an assessment of the effects on business and job creation; that the most important Community regulations would be re-examined with a view to simplification and to reducing the burden on industry; and that there should be a regular procedure for monitoring this objective. The United Kingdom's initiative of last year has thus been accepted.

At the European Council in Milan in June and in my statement in this House, I made clear that we supported action to complete the internal market by 1992 by improvements in decision taking, without impairing our ability to safeguard certain essential national interests. I made clear that

we wanted an agreement formalising existing political cooperation; and that we could envisage procedures for improved consultation with the European Parliament. I wanted to make progress there and then. It would have been simpler to make progress without the intergovernmental Conference. It is, however, now clear that the objectives which we set are reflected in the conclusions of the European Council this week. We are therefore prepared to support them by treaty amendment. These amendments will, of course, have to be submitted to this House for approval, as to the Parliaments of all member states.

The agreement which has been reached in Luxembourg this week, following the intergovernmental Conference, reaffirms that the United Kingdom intends not only to play its part, but to play a central role in the development of the European Community. By helping to open up an internal market of over 300 million people, it should create more British jobs. By updating the treaty in the areas of technology, environment and the regional fund, it will be providing a better basis for decision on these policies which are important for our future. By strengthening political cooperation, it will give the Community a more powerful voice in the world. The Government will confidently recommend it to this House.

Transcript by
JAMES LEE of:

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER,
MRS. THATCHER, IN LUXEMBOURG, ON TUESDAY,
DECEMBER 3, 1985
=====

PRIME MINISTER

Ladies and Gentlemen:

Thank you for your patience in staying. As you know, it has been a long conference, but we decided to stick it out until we got a clear position in the end and a decisive one on the results of the Inter-Governmental Conference. True, there are a number of nations that have reservations. Italy has reservations; Denmark has reservations, for reasons which you already know; and the others of us have specific reservations; but in general, we have completed the work in principle with a few details still to be left to Foreign Ministers.

I came here with a number of objectives:

First, as far as deregulation was concerned, the initiative that I started up at the last Council, I wanted to be certain that the Commission were going to take forward their plans for deregulation and in a very positive way. You will have seen in the communique that they intend to set up a special unit and to go through not only new regulations but existing ones to look at their effect on businesses and then to see if they can weed out any more regulations.

PRIME MINISTER (CONTD.)

Second, we were particularly anxious, for the benefit of trade, to complete the internal market. It will help employment; it will help particularly with British commerce because there are many things that we are good at, which we are not able to move freely about in the Community with regard to things like insurance and various other services. It was therefore particularly important for us that we took action to complete the internal market. That did mean going from unanimous voting to majority voting on a number of things - qualifications for professional people, some insurance regulations, and things like transport and so on, and things like industrial standards. In those cases, we found that our plans and proposals were being blocked, possibly by one or two votes, and therefore it does help us very much on those things to go to majority voting. On other things, such as any changes in taxation or any increase in regulations, very much on unanimous voting and we voted in accordance with that pattern.

You will have seen the things on which we have agreed. There is a text on monetary cooperation. People were very anxious to have one. You will find it does not represent anything new at all, but describes the existing position.

There is a text on relations between the Council and the European Parliament, a text which leaves the final word with the Council the whole time, but in fact involves more cooperation with the European Parliament.

PRIME MINISTER (CONTD.)

There are texts also on the environment and on technology. We were cooperating in these things, but we now do so under a specific provision.

There also was a text on what is known as "cohesion", that is to say that we all hope to move more towards a similar standard of living, not by redistribution of income, but by having similar economic policies.

Now, I will not go into too much detail about these things. I am very glad that the Inter-Governmental Conference has completed its work and we have been able to reach decisions, limited as though the decisions are.

It is a little ironic that Italy was the one most anxious to have it, but I think she has got the most reserves upon it; and Denmark also, for constitutional reasons, has a considerable number of reserves, as have a number of other countries. We have just one, which is on a particular matter, which would impose more regulations on small businesses, which I am not prepared to do, and I said therefore that that could only be done by unanimous voting. That would mean that we could turn it down.

Now, shall we come to your questions?

=====

JOHN FRAZER (IRN)

Could I ask you just how serious this number of reserves is, because we have heard the Danes have a reserve on a whole package; the Italians have a number; we hear that Britain has one. Now, is this not rather like a Cheshire cheese, full of holes?

PRIME MINISTER

A Cheshire cheese is not full of holes - That is Gruyere!
A Cheshire cheese has got no holes in it - it is British!

Denmark, as you know, for constitutional reasons, has a general reserve.

Italy has a reserve, I think, on three main things and on other particular things. The question is how far those reserves will be worked out and how far they will be maintained.

But even when you look at that - apart from Denmark's general reserve, apart from Italy which says that she will not agree anything if the Parliament is highly critical about it and the other reserves are in particular directions - and you will still find, I think, that apart from those general ones, most of the things will go through.

JOHN DICKIE

Prime Minister, I just want to know whether this is worth it after all this time. Could you not have achieved as much/^{good}for Britain in Milan? What has changed since Milan?

PRIME MINISTER

We could have done a great many of the things which have been done here with treaty changes, we could have done without treaty changes, had we agreed to go about it that way. Now, people very much wanted an Inter-Governmental Conference, so they had one.

For example, two new articles we have done: one on the environment and one on technology. We were already proceeding under article 35. It is ^{perhaps} better to tidy it up in a kind of consolidating measure, as we would do in our Parliament, and regularise what we have been doing under specific articles.

So we have gone along and cooperated. I think what we have got out of it is that we hope now that the internal market can be completed within about seven years. It is particularly important for us, because of our pre-eminence on services. There will still be some difficult things, for example, as you know, we are keen to have an internal market in transport and air fares for example, where we are getting separate arrangements now with separate countries and where there are problems on lorry quotas, which are very much to our disadvantage. Now, if we can get those restrictions lifted, it will be of great advantage to Britain. So we had something to go for and, of course, if you have something to go for then you have to give on the things which other people want.

QUESTION

I wonder, Prime Minister, how you would grade the success of this conference on a scale maybe between "modest" and "mighty"?

PRIME MINISTER

I think that you have chosen the right word - modest.

I think what would have been very damaging is if we had not gone through to the end of the proposals before us and left it to another Council, because anything then that we did in the earlier hours would have been unpicked, and I think it was wise to go through to the end, so we considered everything, made our conclusions upon it, and now people will reflect upon those and discuss them with their colleagues and see if any reservations can be lifted and if not, then those things will not come into the Treaty, but I expect that a number of ~~reservations~~ reservations will be lifted.

QUESTION

You mentioned transport, you mentioned services. All that is under the reservations you were talking about?

PRIME MINISTER

Not all of them, but specific countries have reservations on specific things. Two or three countries have reservations on having the transport regulations go to unanimity, to a qualified majority. Others have reservations on other things. We actually want as much relief there as we can possibly get - on those things which are mentioned on the articles on the internal market.

Now 57.2 - 84 is the transport one - 70 and 59, those four, it is in the text that we go to qualified majority, but some people have reservations on some of those things.

QUESTION

Could I ask you if you support the statement of the Northern Ireland Secretary today to the effect that in accepting the terms of the Anglo-Irish Agreement the Republic of Ireland has accepted that there will never beIreland?

PRIME MINISTER

No. The Anglo-Irish Accord stands in each and every particular. You will find the true position, which we all agree with, in article 1, which has three articles. I think the relevant one is that Northern Ireland stays part of the United Kingdom so long as the majority of her people wish that to be so. That is the position and that is the position of course that remains. There is no change whatsoever in the Anglo-Irish Accord. It is just exactly that.

QUESTION

May I take it then, Madam, that you do not endorse Mr. King's remarks?

PRIME MINISTER

I endorse the Anglo-Irish Accord that Northern Ireland stays part of the United Kingdom so long as the majority of her people wish it to be that way. I may say that I believe there will continue to be a majority wishing it to be that way and indeed, I hope there will, because I hope and believe that Northern Ireland will stay a part of the United Kingdom; but that depends upon the continuation of the majority.

QUESTION

Regarding border control, are you satisfied that you have safeguarded access of carriers etc. and managed to prevent....

PRIME MINISTER

Yes we have. In the work that we have done today, we are now talking about general border controls throughout Europe, yes. You will find a specific declaration that nothing in the treaty alters the rules of member states to control immigration from outside the Community - immigration, terrorism movements and drug trafficking. You will find a specific declaration to that effect...at our instance, which was accepted.

QUESTION

Prime Minister, can I ask you about the health controls which stuck things up for a long time this evening, I understand? The extra clause that was added in, I believe at your inspiration, to put in the European Court, strikes me that it goes in the opposite direction to the full safeguards that the UK, Ireland and Denmark were seeking, that it gives others a chance to challenge our safeguards for rabies rather than the other way round. Is that really what we were looking for?

PRIME MINISTER

We had a very very long discussion on that. We want and must have the right to retain our special national provisions because of our particular island status, which means that we are specially vulnerable to particular animal and plant diseases. If

PRIME MINISTER (CONTD.)

you look at the text very carefully, where that goes to qualified majority, nation states can retain their special provisions. The Community will then confirm those provisions after having satisfied itself that they are not provisions put on for restraint of trade. So we retain them, but of course, other nations say: "Ah, ah! You are doing this not for health, not for plant life, but for restraint of trade!" so the Commission has to satisfy itself that that is not so. Absolutely right and what we expected. And of course if they said that they thought that we were putting it on for restraint of trade then of course we would go to the European Court. I think something did previously go to the European Court.

QUESTION

Can you tell us what changed your mind about accepting
monetary
some reference to .../.....cooperation in the Treaty of Rome?

PRIME MINISTER

Because the only reference in the text, if you look, to the monetary provisions describes what has already happened and describes the system we already have. It adds nothing beyond that. No-one could object to a description of past history and to a description of what we already have. The only fresh thing is that any changes to institutional arrangements for monetary cooperation would have to be under article 2.3.6 which of course will be full treaty ratification.

QUESTION

Does the way in which this amendment has been phrased in any way prejudice the UK position?

PRIME MINISTER

Good Heavens no, I would not have agreed to it if it had!

DAVE MASON

Have you published any political statements? I understand you were considering one on the Geneva Summit.

PRIME MINISTER

No, we have not published any political statements because we did not in fact discuss them. Foreign Ministers had a preliminary discussion and there is a text of which I think they took note,, but I think it still has to be discussed at your next meeting. We did also as you know actually approve the text on political cooperation, which we originally proposed at Milan and there was a little cuffuffle in Milan and it is now sorted out.

QUESTION

Prime Minister, the main object of this whole exercise as far as Britain is concerned is obviously to open up the internal market. We do not have the details of the agreement in front of us at the moment. Can you tell us the specifics of the agreement that you have reached that will open up the insurance market to British firms in Europe and can you tell us how many

QUESTION (CONTD.)

countries have put reservations on the agreement opening up the transport market in Europe?

PRIME MINISTER

I think there are three on transport. That is my recollection. Some were very much for opening up, Netherlands in particular - ourselves and the Netherlands. I think France had a reservation on transport. Greece had a reservation on transport. I think there was a third one, but I cannot remember who, but there were certainly three reservations on transport.

On insurance, I cannot tell you who had a reservation on that, but as you know, if you can go to qualified majority it really does make a difference because otherwise one vote can stop you from starting up, and that really would be quite damaging.

JOHN DICKIE

Two big points, Prime Minister. Do you think it wise for one of your Ministers to use the word "never" and do you think it wise for him to speak on behalf of the Prime Minister of the Republic of Ireland?

PRIME MINISTER

I do not believe he did that. The position is as set out in article 1 of the Anglo-Irish Accord and that is that the article which we signed and which we are fully agreed, fully

PRIME MINISTER (CONTD.)

agreed. I think both Mr. King and myself are Unionists and want the union to continue, and positively want the union to continue, but that is on condition that a majority wishes it to be so.

JOHN DICKIE (INAUDIBLE)

PRIME MINISTER

I do not know, but you are quite right. You have to be very careful when you have just signed an Accord that you stick to it absolutely, and I am sure that would be his wish and intention. I am sorry if it did not come out that way but Tom is absolutely behind the Anglo-Irish Accord and will stick to every single word in it. The trouble is when you take it that we are putting a gloss on it. We are not. We are not putting any gloss on it. We are sticking to it and Tom is sticking to it just as much as I am, and we will do everything possible to see that it is carried out.

QUESTION

Prime Minister, political.....in Milan was that the conference would not succeed. In the light of this result, do you think the Conference was useful or not?

PRIME MINISTER

I think we could have done what we have done...that we could have done by agreement without it...but if they wanted to do it this way, so be it.

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Transcript by
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,
IN LUXEMBOURG, ON TUESDAY, DECEMBER 3, 1985

INTERVIEWER: JOHN FRAZER, IRN

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INTERVIEWER

Prime Minister, first of all, could I ask you how important is it to improve the decision-making proceedings of the Common Market? What is wrong with the way the EEC has worked until this historic agreement?

PRIME MINISTER

Well first I think we were a bit slow. Then, on many many things we have to act by agreement of everyone. Now that means, for example, unless everyone agrees that you can sell insurance in every country in the Community, that our people who are particularly good cannot sell life insurance over there as they can over here. So it only needs one person to stop that. So you had to change the voting from unanimity to a qualified majority, and that is what we have been doing on some things.

And then, on industrial standards, people can stop something from going in by a particular standard, and we had to deal with that as well, because these are all things which stop trade and if you stop trade then you make it more difficult for Britain.

INTERVIEWER

You have had a very very difficult. It lasted far longer than had been expected and there was a lot of technical detail to be waded through. You said at the last summit in Milan that you did not want things done this way. Do you think that you have been proved right?

PRIME MINISTER

Of course I think I have been proved right, but some of the arguments just went on and and on and on and on. You know, if it had been women arguing, someone would have said "Oh just like women!" and actually you know it was an overwhelming majority of men. It could have been done much more quickly in my view, but everyone had to have their say and, of course, we had our say too.

INTERVIEWER

The Common Market leaders have now reached broad political agreement but nonetheless Denmark says that it is holding a reserve on the entire package; Italy is worried about certain bits of it; you yourself are worried about certain bits of it. Is it not a bit like a Swiss cheese, full of holes?

PRIME MINISTER

Look! You know, sometimes you have air-holes to breathe, so that is not a bad thing to have a few reserves. I think it is a little bit ironic that it was Italy that called for an Inter-Governmental Conference at Milan and Italy has got

PRIME MINISTER (CONTD.)

most reserves on it. Denmark, of course, has a constitutional problem and that is fully understood and her government has not got a majority; and Denmark will always do her best to cooperate, provided her very special interests are respected and she has done that and we have seen that our very special interests are respected because, for example, we have special provisions on plants and animals, as you know, because we are an island and we do not get many of these diseases. Therefore we have to have certain restrictions that do not apply to the rest of the Community, and it has been our task to see that we continue to have those.

INTERVIEWER

So are you now confident that you will be able to keep rabies, terrorism and drug smugglers out of Britain?

PRIME MINISTER

Yes, I am confident about those things.

INTERVIEWER

Also, Prime Minister, there has been some concern amongst the Irish about some remarks made by Tom King, stating that there will never be a united Ireland. Do you share that view?

PRIME MINISTER

You know what it says in article number one of the Anglo-Irish Accord that we have all signed, those of us who have been involved in the negotiations, and which Tom is in full agreement with, as am I, that so long as there is a majority in Northern Ireland, Northern Ireland will stay part of the United Kingdom - so long as there is a majority. That is always in accordance with what we signed.

I think Tom and I both hope and expect there will continue to be a majority and that Northern Ireland will continue to be part of the United Kingdom. That is the way we would like it, but it will be because there is a majority.

INTERVIEWER

But the Irish are a bit worried that you have entered into this contract and suddenly there is the word "never" emerging.

PRIME MINISTER

The contract is just exactly as it was when we signed it and it will depend on a continuing majority in Northern Ireland. I believe we shall have that.

INTERVIEWER

You met Dr. FitzGerald today. Are you getting on well now?

PRIME MINISTER

We are getting on. Yes, we are getting on all right.

PRIME MINISTER (CONTD.)

We are quietly wanting to implement the Agreement, because we believe it will be to the benefit of all the people in Northern Ireland and you know, that is our objective - to get peace and stability there.

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Transcript by
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,
IN LUXEMBOURG, ON TUESDAY, DECEMBER 3, 1985

INTERVIEWER: STEVEN JESSEL, BBC
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INTERVIEWER

Prime Minister, you have got plenty of other things to do. First of all, you have spent two extraordinarily exhausting days here. Has this summit been worth it?

PRIME MINISTER

I think it has been worth it because we got through to the end of the agenda. Yes, it has been exhausting, but we decided earlier in the evening to try to go through even though we went through to midnight, because you know, if we postponed it, it would not be any easier when it came to taking the decisions.

INTERVIEWER

Your verdict, I think, is that it has been a modest success. First of all, "modest" in what sense? Secondly, "a success" in what sense?

PRIME MINISTER

I think modest in respect that the changes are very modest. Some of them could have taken place without any treaty changes anyway, but they preferred to do it this way; and the changes are limited. I think that is good. You have to gradually, you know, about these things.

INTERVIEWER

Now you have said that opening up Europe - demolishing frontiers in Europe - is in the interests of the United Kingdom, and yet it was Britain that was making much of the trouble, or creating many of the problems, about precisely demolishing barriers. What was the problem?

PRIME MINISTER

Well this is trying to get rid of economic barriers inside Europe, particularly for some things. We are good, for example, at selling insurance. We are good at financial services. We want more freedom of transport and more of our lorries to be able to transport goods across Europe; more freedom for air fares. All of these things were being stopped because everyone had to agree, every single nation had to agree in a vote, and therefore they were stopping us from doing some of the things we are good at, and so in that case we have taken the voting down ^{from} /unanimous agreement to qualified majority, and that will help us.

INTERVIEWER

And how about the rabies, drugs and terrorism dimension which seemed to be occupying you?

PRIME MINISTER

We have protected that all the way and for very good reasons. First, because we are an island, we do have to have special protection for plants, for animals and for human beings from certain diseases. We have managed to keep that protection.

PRIME MINISTER (CONTD.)

We also need to ensure that our rules with regard to immigration from third countries, our rules in trying to stop drug trafficking and our rules in trying to stop terrorism will remain absolutely as they, and that we preserved too.

INTERVIEWER

Are these summits really worth it? You bring ten extremely busy people together for two days. They cannot do anything else and, with respect, you do not produce an awful lot at the end of them?

PRIME MINISTER

Well, you know, you cannot chop and change the whole time. You would not like us to do that. This has been a chop and changing time, but very modest chop and changing. We did start off by discussing the economy, which I think people would not have understood unless we had, but we had not been able to do anything else except complete these treaty changes. They are modest. They will now been taken through to the Foreign Ministers for one or two refinements and one or two people have to consider the whole package and then it will be done. That is that, and thank goodness!

INTERVIEWER

Finally, could I ask you about the remarks made by Mr. Tom King, the Northern Ireland Secretary, when he said there would never..the status of Northern Ireland would never change and

INTERVIEWER (CONTD.)

it would remain as it was - I quote - "into perpetuity".
Now can you go along with that?

PRIME MINISTER

As you know, the status of Northern Ireland between Ireland and Britain is as we signed in the British-Irish Accord, which says that Northern Ireland shall stay part of the United Kingdom so long as there is a majority in Northern Ireland wanting it that way. I think Tom King and I feel the same about it. It is, of course, governed by that Accord and also governed by Acts of Parliament, but I think Tom and I both hope and expect that Northern Ireland will stay part of the United Kingdom because a majority will wish to do so, and we want it that way.

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Transcript by
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,
IN LUXEMBOURG, ON TUESDAY, DECEMBER 3, 1985

INTERVIEWER: MICHAEL BRUNSON, ITN
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INTERVIEWER

Prime Minister, you have had an extremely long day, stretching well after midnight. It does not, frankly, seem a very efficient way of conducting the Community's business.

PRIME MINISTER

No, I can see why you say that, but there were a number of things before it which were very complicated. But quite apart from that, I thought that some of the argument went on and on and on and on. You know, if a whole group of women had gone on like that, people would say: "Don't they argue!" but in fact, it was me who was trying to say: "Look! You must come to a conclusion! We have talked about this. Now we must come to a conclusion!" and in the end we did.

INTERVIEWER

How would you describe what you have achieved here?

PRIME MINISTER

I think we have had a modest success. I think we have managed to reduce other people's exaggerated expectations

PRIME MINISTER (CONTD.)

of treaty changes. As you know, some wanted to give the Parliament enormous powers which would have caused great problems; others wanted monetary union; and others wanted far too many articles going away from the unanimous that we usually use to qualified majority. We wanted a limited amount. Others wanted changes in taxation on a much greater scale, whereas we are very very cautious about that. We have reduced all of these exaggerated expectations to something that I hope is workable and reasonable.

INTERVIEWER

This shift to qualify for majority voting is obviously going to worry some people. They are perhaps going to feel that now there is a possibility of more decisions being taken by a vote by other countries in Europe, in other words lessening the sovereignty of Westminster and the right of Britain to make its own laws.

PRIME MINISTER

Yes, but you know, in some things a qualified majority was adversely affecting us. People, because they would not vote unanimously, were stopping us for example in setting up in insurance in Europe. We are good at it. They were stopping us in certain financial circles. They were stopping some of our young people with qualifications practising in Europe. We did not think that was fair, so we have gone to qualified majority on those things. On other things, you are quite right. We had to

PRIME MINISTER (CONTD.)

stand out and say that if there was qualified majority, our special interests were protected. For example, as you know, we have to keep out rabies, brucellosis (phon.), Colorado beetle and a number of special health things in both animals and plants, and we have managed to keep those out by special provision.

So you are right. It cuts both ways and you have to watch and see that your interests are not adversely affected, but you can in fact set up trade and business.

There is one thing, you know, this thing called the Luxembourg Compromise which says that even if the majority agrees, if you have a special interest you can invoke that Compromise and really stop it from going through, and that remains.

INTERVIEWER

What you are really saying then is that even after this, if you do not like something you can still veto it?

PRIME MINISTER

If you have a special national interest at stake, but only if you have a special national interest at stake.

INTERVIEWER

It sounds as though, Prime Minister - your critics on the other side might say - you are picking and choosing again. You are doing the bits you want for Britain, not very....

PRIME MINISTER

No, that is just not right. You cannot just say:

PRIME MINISTER (CONTD.)

"Please, I do not like it. Therefore I am not going to have it!"
You have to have a very special reason.

Now, we have put special reasons in for health, animals and plants because we have special reasons and we have written those in the revised treaty. Other people might have special reasons. It might be that the whole of their industry is affected, but you cannot stop it just because you do not like the competition.

INTERVIEWER

Finally, on Mr. King's remarks. I know that you have stressed that you and Mr. King are in agreement and that the Anglo-Irish Accord will go ahead. The point, I think, though is that the Irish Government have taken extreme exception to his remarks tonight, because they think that he is saying that the possibility, however faint, of a united Ireland, is ruled out for ever.

PRIME MINISTER

Well I am sorry they have taken it that way. The full position is set out in article one of that particular Accord and it remains - that Northern Ireland will stay as part of the United Kingdom so long as the majority wish it. If a majority wish to do something else or go the other way, then of course we would bring the appropriate provisions before Parliament, but I think Tom and I both hope and expect that the majority will remain and therefore hope, expect and positively want Northern Ireland to stay part of the United Kingdom, but it is governed by the Accord.

INTERVIEWER

But as you say, there is that faint possibility that if things were to go the other way, however remote, that is allowed for in the Accord. Mr. King thinks it would be ruling it completely out.

PRIME MINISTER

No, that would depend upon there not being a majority to stay in the United Kingdom and a majority for something else, and I think that Tom and I both hope and expect that the majority will remain to stay within the United Kingdom, but it is governed by the Accord and by the majority wanting it to be that way.

INTERVIEWER

Does he still have your support on the Northern Ireland matter?

PRIME MINISTER

Yes of course, he is excellent, and he is doing very well.

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Transcript by
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,
IN LUXEMBOURG, ON TUESDAY, DECEMBER 3, 1985

INTERVIEWER: JOHN SIMPSON, BBC

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INTERVIEWER

Prime Minister, this was an immensely long business, this whole summit, wasn't it, and there must have been times when you were tempted to say: "I told you so!" because you were really against this whole principle right from the start, weren't you?

PRIME MINISTER

You are quite right. It was a marathon. It is the longest one we have had. I do not think we needed to go in for it, but they wanted to do it this way, and so it obviously was best to go along with them.

INTERVIEWER

They did seem to go on and on.

PRIME MINISTER

They went on and on talking about one or two of the articles, three and a half to four hours on one, and I thought the issues were perfectly clear, and eventually said: "We simply must come to a conclusion!" because they were just going round in circles.

INTERVIEWER

Is it all necessary? I mean, does it actually help Britain if the procedures of the Common Market are speeded up and improved?

PRIME MINISTER

I think it helps us all if the decision procedures are improved. They wanted to consider whether there should be any treaty amendments. What we had to do was to get down their grossly exaggerated expectations to reasonable proportions. That is what we have done so they are pleased and on the whole we got what we want.

INTERVIEWER

Even so, I suppose there are some people though who are going to say that majority voting means that we could be voted down on important subjects.

PRIME MINISTER

Yes, but on the other hand, we do need to get some of our trade and business into the Common Market, which is stopped now because they will not agree to certain standards, because one person can veto it or because one person can stop our insurance people from operating it, so we need to stop some of those, really, abuses, in my view. But if a country has got a special interest it can still keep that under the Luxembourg Compromise. So in some things it will help us and some things we will have to watch.

INTERVIEWER

The question of keeping out rabies and so forth?

PRIME MINISTER

We managed to take that the whole way. You know, there are particular reasons, because we are an island country, that we have to have special protection from rabies and brucellosis (phon.) and Colorado beetle and fowl pest and so on. Therefore, we had to say: "Look! We have national measures about this and we really cannot have any of the majority voting on Community provisions ousting these if they are necessary for plant and animal health!"

INTERVIEWER

You have often been cast as the isolationist in Europe by your European colleagues. Did you feel that that accusation was still being made now?

PRIME MINISTER

No, I felt that I was probably one of the most practical and trying to bring the discussions to a conclusion, but it is very ironic that the person who wanted this Inter-Governmental Conference terrible name as it is, was the Italians when they were in the Chair at Milan. They are the ones who have got the most reservations on it and were being really very difficult about its future. That is just one of the ironies of fate.

INTERVIEWER

That sounds like a bit of glee in your voice there!

PRIME MINISTER

Irony, not glee! Irony.

INTERVIEWER

Can I turn to what your Northern Ireland Secretary, Mr. King, said in Brussels today. It was not really a very good choice of phrase, was it? It seems to have caused a lot of embarrassment to the Irish.

PRIME MINISTER

Oh dear, well if that is all that was wrong, it is very soon over. I am sure it will be very soon over. We signed the British-Irish Accords and of course we agree with them fully and Tom and I will implement them fully, quietly, firmly. You know what they said: that so long as there is a majority in Northern Ireland wanting to stay in the United Kingdom, so long Northern Ireland shall stay in the United Kingdom. It depends on the majority. I think Tom and I very much hope and expect the same thing - hope and expect that there will continue to be a majority in Northern Ireland wanting to stay in the United Kingdom, and we would like it to be that way. So perhaps it was just that the wish might have come through rather strongly and perhaps he just forgot to mention the majority, but the majority is there. That is the condition, that is the condition.

INTERVIEWER

You can understand Irish embarrassment, anger even, that the idea of a united Ireland should be out for ever?

PRIME MINISTER

I hope that there is no anger. The position is just exactly what we said and signed in the Accords, and it remains that way. I believe that there will continue to be a majority in Northern Ireland wanting to stay in the United Kingdom, and I hope so.

INTERVIEWER

Would you be having a quick word with Mr. King when you get back to London?

PRIME MINISTER

I do not think that will be necessary at all. He and I both know that is governed by the Accords. We signed them in good faith. We shall implement them in good faith.

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Transcript by
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,
IN LUXEMBOURG, ON TUESDAY, DECEMBER 3, 1985

INTERVIEWER: EAMONN LAWLOR, RTE

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INTERVIEWER

Prime Minister, do you agree with the statement that the Irish Government has accepted that there will never be a united Ireland?

PRIME MINISTER

I agree with the position as set out in the Accords which I signed with Garrett FitzGerald just the other day, that the position with regard to Northern Ireland will stay the same so long as there is a majority in Northern Ireland that wants it that way, and we all know that is what the position is, and I think that Tom King and I both hope and expect that there will continue to be a majority, but it will stay that way because there is a majority.

INTERVIEWER

Would you accept that Mr. King's remarks did not quite express that position?

PRIME MINISTER

Well I think the only thing you can accuse us of is perhaps the turn of phrase has indicated something that was not

PRIME MINISTER (CONTD.)

quite in accordance with the treaty. If that is the only thing we are to be accused of, then we are really very very fortunate, because it has not done any harm. But the position is as it is in the British-Irish Accords that we signed and will remain that way.

INTERVIEWER

Are you not worried that it may have indicated a certain uncertainty within the British Cabinet as to what the Accords mean?

PRIME MINISTER

No, no, no. Nothing at all. I think you are just playing it up very very unwisely. The position is as signed between Garrett FitzGerald and myself, with Tom's full agreement and cooperation and with the Cabinet's full agreement and cooperation, that Northern Ireland remains part of the United Kingdom so long as the majority wish it, and I hope that the majority will continue to wish it.

INTERVIEWER

Did you have a chance to discuss the remarks with Dr. FitzGerald?

PRIME MINISTER


No, I did not discuss the remarks with Dr. FitzGerald. We discussed the Accords and we shall quietly implement the accord in good faith on both sides.

=====

PRIME MINISTER AFTER MILAN EUROPEAN COUNCIL - NO REASON
FOR TREATY AMENDMENT?

- I said then that "We must go to the Inter-governmental Conference and consider what is put before us" [Hansard 2 July Col 191].

- The limited Treaty amendments proposed secure the objectives we have always stated, ie that any changes would have to contribute to real progress towards completion of the Common Market and the strengthening of political cooperation.



EUROPEAN COUNCIL: INTER-GOVERNMENTAL CONFERENCE

EUROPEAN COUNCIL CONCLUSIONS NOT DEPOSITED EARLY ENOUGH?

- Conclusions were deposited as soon as they were available to us in legible English.
- Conclusions as issued by the Presidency are provisional in the sense that they are subject to linguistic and other corrections (but not to substantive change).
- Conclusions in their final form will be deposited as soon as they are available.

SINGLE ACT?


- It is agreed that any preamble must maintain the juridical distinction between amendments of the EC Treaty on the one hand and the new Treaty on Political Cooperation on the other. This meets our essential concern.

TITLE?

- What matters is the content of this agreement. I am fully satisfied with that.

EUROPEAN UNION?

- European Union means different things in different countries. I think it is now generally accepted that it cannot mean a kind of United States of Europe. (In the context of the Treaty it means steadily working more closely together on matters of common interest.)



WHY HAS UK NOT MADE AGREEMENT CONDITIONAL UPON
PARLIAMENTARY APPROVAL, AS ITALIANS HAVE DONE?

- The agreement is subject to approval in all national parliaments. The Italian reserve is of a different order. They have said that they will not put the agreement to their parliament unless the European Assembly has first approved it.

COUNCIL CAN NOW ADOPT QM REGULATIONS, BY-PASSING HOUSE
OF COMMONS?


- For matters affecting legislation in member states the Council will continue to operate by directives. Directives will also be needed for the key issues where unanimity remains the rule. The United Kingdom has a first class record of implementing directives. Many other member states do not have such a good record. Regulations should therefore help us achieve the Common Market. Regulations remain subject to normal scrutiny procedures.

WHAT KIND OF REGULATIONS/DIRECTIVES WILL NOW BE QM?

- Mostly technical standards (where one or two member states have often held up useful progress).

TECHNOLOGY TEXT SUGGESTS CONSEQUENTIAL CHANGE TO OWN
RESOURCES DECISION?

- Not convinced any consequential change is necessary. Could only be made by unanimous approval of member states and parliaments.




ARTICLES WHERE MAJORITY VOTING MAY BE INTRODUCED

ARTICLE 100

- Main article on approximation of national provisions in order to establish the internal market.
- Unanimity maintained for fiscal matters, free movement of persons and rights and interests of employees (ie social engineering).
- Protection also for health standards (rabies etc) and other major needs referred to in Article 36.

OTHER ARTICLES

- General: List in Article 2 of internal market text still to be finalised. Some member states have registered objections to one or two articles on list.
- Article 28 (alteration/suspension of certain customs duties) Closely related to Article 113 where majority voting already applies.
- Article 57(2) (main article on the professions, insurance and other financial services) European Council agreed unanimity should be maintained for measures affecting certain craft guilds and for any measure which would represent a step backward from the liberalisation of capital movements.

- 
- Article 59(2) (extension of freedom of services to nationals of third countries) Closely related to other provisions on services where majority voting already applies.

 - Article 70(1) (movements of capital between member states and third countries) UK committed to liberalisation of capital movements.

 - Article 84 (sea and air transport) Unanimity at present on these issues (in contrast to majority voting on inland transport). This has made it more difficult to advance UK objective of liberalisation.

WILL MAJORITY VOTING LEAD TO MORE EC SPENDING?

- Budgetary provisions of Treaty and budgetary discipline arrangements unaffected.
- Unanimity maintained for financial decisions on technology.

EUROPEAN COUNCIL: INTER-GOVERNMENTAL CONFERENCE

WHY AGREE TO TREATY AMENDMENT?

- I wanted decisions at Milan to enable us to get on with the internal market.
- This could have been done by political decisions then, on the lines we proposed.
- Others wanted to amend the Treaty. I was prepared to agree to that in those respects in which it would advance our specific objectives.

WHICH ARTICLES AMENDED?

- We have agreed to qualified majority voting for main articles necessary for the common market, primarily (57(2) - services; 100 - approximation of laws) but with important safeguard of unanimity for vital areas: free movement of people, taxation, and social measures.

HUMAN, ANIMAL AND PLANT HEALTH?

- We can maintain existing protections and take new measures if necessary. No risk to UK health standards.
- This is a matter of protection, not protectionism.
- Do however want to be able to challenge protectionist measures by others.
- Agreement enables us to do that. As now, in the event of a challenge it will be for the European Court (where our record is exemplary) to decide.

IMMIGRATION CONTROLS

- We want to be able to get rid of barriers to trade in goods and services. Agreement will help to achieve this.

- I insisted that controls must remain to deal with immigration, drugs and terrorism and that these are matters for the member state. This was accepted.

AGREEMENT SHOT THROUGH WITH HOLES?

- Text agreed by ten member states.

- Danes have general reserve but have undertaken to recommend outcome to their Parliament.

- Italians too have general reserve (curious that country which started this process should be in that position).

LUXEMBOURG COMPROMISE?

- No change. Where majority voting applies it will remain open to a member state to ask for a vote to be deferred where a very important national interest is at stake.

WHY NO TREATY CHANGE FOR CAP?

- Treaty is not the obstacle to reform.

- Reform depends on political will.

- There is a great deal still to be done. We shall continue to press for reform. Improvements have already been made. Price freezes and reductions agreed this year; overall price fixing a reduction in real terms.

ENVIRONMENT/TECHNOLOGY

- The Environment Council and Research Council already take decisions in this area.
- Logical to update Treaty to take account of Community action.
- The agreement enables unanimity to be maintained for all decisions on the environment, for framework programmes in technology and for the level of Community finance involved.

COHESION/REGIONAL FUND

- Text does no more than describe operation of funds.
- Usefully writes regional fund into the Treaty.
- We insisted on inclusion of reference to helping areas of industrial decline.

SOCIAL MEASURES?

- UK maintained reserve only on one point on one article in this package.
- Social measures have important bearing on Government/industry/union relations.
- Necessary to retain unanimity in this area (no social engineering).

EUROPEAN PARLIAMENT

- Procedural agreement designed to enable the Parliament to make a more positive and constructive contribution.
- European Parliament can only propose amendments, in limited areas, if it votes to do so by majority of all its members.
- The Council decides whether to accept any change.
- Last word remains with the Council.
- European Parliament will have right of assent to new accessions and to new association agreements. These will remain subject to approval by national parliaments as under present arrangements.

POWERS OF COMMISSION?

- Commission has important role to play in implementing Council decisions. Remains for Council to decide when this should happen.

EMS/EMU

- These two articles:
 - (a) describe what has been going on in the Community for years;
 - (b) lay down that any institutional change would require Treaty amendment ie could only be made by unanimity and with consent of national parliaments.

- The articles refer to the important role of the EMS in which we play a full part. We favour greater use of the ecu. Some others have difficulty with that.

- We also favour liberalisation of capital movements on which we have insisted and on which Commission will bring forward proposals.

- References to Economic and Monetary Union do no more than refer to previous European Council conclusions made under successive governments [eg November 1976 (Mr Callaghan), The Hague European Council: "the achievement of Economic and Monetary Union is basic to the consolidation of Community solidarity and the establishment of European Union"].

TAX HARMONISATION

- Commission has right under the Treaty to make proposals.

- All member states agree that unanimity must be maintained.

- Approximation of indirect taxation could only be considered on basis of specific proposals and if all agree necessary for the internal market.

NEXT STEP?

- The agreed changes have to be cast in final legal form. They will be put to the House for approval when this has been done and when the Danes and Italians have lifted their general reserves.

DEREGULATION

- I wanted to be certain the Commission were carrying forward the initiative on deregulation which I took at the last European Council.
- They intend to set up a special unit to go through, not only new regulations, but also existing ones, to look at their effect on businesses and then to see if they can weed out more regulations.

POLITICAL COOPERATION

EUROPEAN FOREIGN POLICY?

- Ten can pull their weight more effectively in international affairs by cooperating.
- Sovereignty rests firmly with member Governments

EXTENT OF COMMITMENTS?

- Commitment is to consult, and coordinate
- Aim is to agree joint positions and joint actions where possible. Does not impose an obligation to reach a common position (which neither we nor others could accept.)

DIFFERENCES OVER FALKLANDS?

- Disappointed minority of partners failed to support.
- Majority refused to support Argentine resolution and voted for our amendments.

ISOLATED ON SOUTH AFRICA?

- No. Community has joint position. Luxembourg package.
- Others agree with our emphasis on the need for positive steps to promote dialogue and peaceful change.

SECURITY IN POLITICAL COOPERATION TREATY

- Agreement covers economic and political aspects of security. Already discussed in Political Cooperation. Defence Cooperation of course remains for Alliance (and WEU).
- Cooperation in foreign policy field will reinforce European contribution to overall Alliance aims.

SECRETARIAT

- Small Secretariat. Gives continuity between Presidencies. Entirely at service of Presidency.
- Seconded staff. Probably five officials and Head. Size and cost entirely under Member States' control.
- Cuts out need for each new Presidency to make administrative arrangements. Useful limited task.



Presidenza del Consiglio dei Ministri

IL CAPO DELL'UFFICIO STAMPA

Foreign Secretary

This is a statement put out by Craxi.

Lussemburgo 3 dicembre 1985

For comment, please

see page 2
C.D.P.

DICHIARAZIONE DEL PRESIDENTE CRAXI

Il rifiuto di riconoscere un ruolo più significativo al Parlamento Europeo eletto a suffragio universale. Gli ostacoli frapposti alla chiara definizione di una dimensione monetaria della cooperazione economica europea. La resistenza opposta al principio di un'equa distribuzione delle risorse per realizzare nel tempo un riequilibrio economico soddisfacente all'interno della Comunità. L'ostilità aperta nei confronti di ogni nuovo indirizzo tendente a rendere concreta ed efficace la cooperazione europea anche nell'ambito delle politiche sociali.

Sono questi alcuni dei principali fattori negativi che hanno provocato contrapposizioni e contrasti in una discussione che, ~~pur~~ svolgendosi sul filo delle riforme istituzionali, ha visto ancora una volta emergere ^{dissesti} ~~diversità~~ di impostazioni politiche e diversità nella concezione stessa della Comunità e delle sue prospettive di evoluzione.

La discussione, molto approfondita, ha ^{tuttavia} consentito di risolvere un certo numero di questioni e di superare alcune resistenze e rigidità pregiudiziali.

Quindi sono stati compiuti senza dubbio dei passi in avanti, anche importanti, e noi non intendiamo affatto sottovalutarli. Ciononostante, su alcune delle questioni trattate e che noi consideriamo essenziali, i punti di compromesso raggiunti sono risultati assai poco convincenti. Ne è derivato che essi sono stati accettati da diverse delegazioni con forti riserve e con dichiarazioni di aperta insoddisfazione.

La delegazione italiana dal canto suo si è trovata costretta a ammantare delle riserve su almeno su tre questioni e precisamente: i rapporti con il Parlamento, la cooperazione monetaria, i principi della coesione.

Ciò significa, in buona sostanza, che prima di esprimere un giudizio definitivo sul complesso delle proposte, noi ci siamo riservati di valutare i giudizi che su di esse saranno espressi dal Parlamento Europeo, tenendo conto delle posizioni già indicate con un voto unanime dal Parlamento italiano. Il nostro obiettivo di fondo resta la costruzione di una Unione Europea e la realizzazione di un salto di qualità nella vita e nelle prospettive delle istituzioni comunitarie, e per questa via, che deve essere naturalmente percorsa con la necessaria gradualità, noi abbiamo mantenuto e intendiamo continuare a mantenere comportamenti coerenti e costruttivi.

(ore 22,45)

The Italian delegation has put a
reserve on three points: the
Parliament, monetary cooperation and
cohesion. These reserves will be lifted
only ~~when~~ if & when the
European Parliament has expressed its
views.
You may like to draw
attention to this.

POLITICAL DECLARATION BY THE GOVERNMENTS
OF THE
MEMBER STATES

✓
[Handwritten mark]

In order to promote the free movement of persons, the Member States shall co-operate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also co-operate in the combating of terrorism, crime and the traffic in drugs.

?/Illegal trade with works of art or antiquities?

++++

DECLARATION TO BE INCLUDED IN THE RECORD OF THE CONFERENCE

✓

Nothing in these provisions shall affect the right of Member States to take such measures as they consider necessary for the purposes of controlling immigration from third countries, and to combat terrorism, crime and the traffic in drugs.

Prime Minister

PRESS CONFERENCE

I have arranged for you to give a press conference at your convenience after the Council. This would be followed by the usual short radio and TV interviews.

As you will be aware, a number of popular newspapers yesterday urged you to go to Luxembourg to sort out the Europeans and have no truck with their expensive ambitions.

It follows that you will need to present any Agreement very carefully, highlighting your pleasure over three objectives which have been achieved:

- a timetable for the completion of the internal market;
- the success of your small firms initiative;
- the reduction in the number of Councils from 3 to 2 per year.

The main points to watch with the media are:

- your agreement to Treaty amendments (on which you have not been dogmatic);

- the extent to which you are permitting more majority voting (which the press see as a weakening of our sovereignty);
- animal and plant protection (the "rabies clause") and frontier controls over drug traffickers, terrorists, etc;
- the monetary issue which is arguably the most politically sensitive for you.

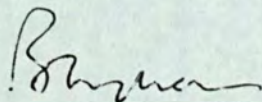
I attach at Annex I a draft speaking note.

Other Issues

The following other issues may arise:

- Northern Ireland and your meeting with Dr FitzGerald - the agreed briefing line is at Annex II;
- the Archbishop of Canterbury's report - a briefing line is at Annex III;
- the Daily Mail's story today claiming that you persuaded the South Africans to call off the British Lions tour - which we have dismissed as nonsense;
- UNESCO, on which there is a fair amount of interest.

I will preside at the press conference and let it run for a maximum of 30 minutes.



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BERNARD INGHAM

DRAFT OPENING REMARKS - PRESS CONFERENCE

This has been a very detailed European Council but I am glad to say it has had a positive outcome.

And this positive outcome is very much in line with the objectives we set ourselves before the ill-fated Milan Council.

Unfortunately, Milan chose the hard road but generally speaking we have emerged with what we felt was politically possible six months ago.

There are four positive developments which I would like to draw to your attention:

- first, we have agreed to complete the internal market by the end of 1992 and to this end we have agreed improvements in the Community's decision-taking which still safeguard our national interests; a much greater internal market offers opportunities for both British industry and commerce and for Europe to compete more effectively in the world. So that then is very good news;
- second, we have agreed on ways of strengthening technological cooperation which is also very important to our future economic and industrial strength;
- third - and I am naturally very pleased about this - my initiative to try to reduce Community burdens on small and medium-sized firms is to be adopted. The Commission is to analyse the costs and benefits of future Community legislation and its impact on small firms; to try to cut out existing red tape; and to set up a unit in the Commission to monitor this attempt to help and nurture small businesses which are so vital if we are to create more jobs.

- finally, I am pleased to say that we have agreed to reduce the number of European Councils held each year from 3 to 2. This I am sure makes sense and will, I hope, make for more strategic discussions at future Councils.

We have of course done a great deal more work including agreeing a Treaty formalising existing political cooperation arrangements and improving the procedures for consulting the European Parliament.

All this does involve some Treaty changes. I would have been prepared to see all this done by political decision in Milan. But we were never dogmatic about it. Where Treaty changes will further our objectives, we have been able to accept them; and those which were not acceptable to us have been struck out.

The changes will have to be approved by Parliament and I shall commend them to the Commons in the belief they serve Britain's interests - one of which is an economically stronger Community with a single market of 12 nations.

Meeting between the Prime Minister and the Taoiseach:
Press Statement

The Prime Minister and the Taoiseach reviewed the position following the signature of the Anglo/Irish Agreement. They confirmed that the Agreement would be implemented as planned. They recognised the concern about the Agreement among the Unionist community. They hoped that the community would come to understand the reassurance on the status of Northern Ireland and other matters which the Agreement offers.

LINE TO TAKE ON ARCHBISHOP OF CANTERBURY'S COMMISSION

- Report makes 38 recommendations to the Church, 23 to Government.
- Does not break new ground; problems of inner cities have built up over decades, all well known and Government is tackling them.
- The Commission recognises Church money is limited and needs to be used carefully.
- But next to no costing of the recommendations for Government policy; 16 recommendations potentially involving greater public expenditure but only one costed - the £550 - 600m estimate of the cost of extending the Commercial Programme to 500,000 places.
- Government has recognised the problems of inner cities and since 1979 has in real terms:
 - doubled urban programme to £338m;
 - doubled derelict land grants to £82m;
 - doubled support for local authority posts dealing with special needs of Commonwealth immigrants to £95m;
 - trebled support for voluntary sector to £640m;
 - trebled housing improvement grants to £500m.

- Over and above this, Government is:
 - encouraging local authorities to repair existing housing stock;
 - strongly encouraging home ownership, through the right to buy, and extending this to flats;
 - promoting enterprise and increasing training in inner cities.

- What is needed today are:
 - to create an enterprising and expanding economy;
 - to get better value from existing expenditure in inner cities;
 - to encourage people to have a stake in their community;
 - to stimulate self help.

PRESIDENCY ADDITIONS TO THEIR DOCUMENT : COMMENTARY

The Presidency document remains as it was before, with the additional remarks printed on the left hand page.

Page 5 : Internal Market

The Conference was not able to agree on a definition. We could accept either :

- a) 'a single market without internal frontiers' with the addition at the end of the second paragraph of Article 1 : 'as provided for in this treaty', or
- b) 'area without frontiers', provided we get the addition; 'as provided for in this treaty'.

Choice of Articles

Quid dicit

We would want any changes to be restricted to Articles 57(2) and 100 (though we could also accept Articles 28 and 84). We could agree that the European Council should instruct the Foreign Ministers to compile this list.

Quid dicit

Indirect Taxation

The Presidency report that our position is reserved on the need for any change to Article 99 (as is that of the Danes).

Page 6a : Article 100a

The Presidency report our objection to ^{directives} 'measures'. We could agree to 'measures' provided that it is clearly established that all matters affecting the approximation of laws or regulations having the force of law must be by directives; regulations for approximation of administrative measures only.

On the German proposal concerning high standards, this is a simple declaration of intent. Others may oppose.

← The reference at the bottom of the page is to the fact that the United Kingdom and Ireland are insisting on unanimity for measures concerning human, animal and plant health. The idea on page 7(a) that such measures should be provisional is not acceptable. We could accept, however, the three criteria set out by the Presidency on page 7, ie that any solution must be a Community solution; precisely defined; and avoid disguised protectionism.

Page 7a. We have not agreed that there should be a separate protocol on the free movement of persons. We could agree to a protocol provided this refers only to cooperation between the member states on matters to do with drugs, crime and third country immigration (not involving the Commission or the Community). Otherwise any more general statement would have to be in an act of the Conference (not a legally binding protocol).

We would prefer to avoid the French proposal (5b) about a report on 'balanced progress'.

On point 5(c), we see no need for special delegation of powers to the Commission in this area beyond the general provision on the Commission's implementing powers which is nearly agreed (page 11a).

Page 8a : Monetary Capacity

The Presidency reports that the proposals on the table are:

- a) the Commission proposal (mainly on EMS) and
- b) the Dutch proposal (mainly on EMU).

The Presidency reports our position and that of the German Government as entirely reserved; and the German proposal for the adoption of an 'action programme' for the liberalisation of capital movements.

The Commission and Dutch proposals are annexed.

Page 9a : Cohesion

The Presidency, at our insistence, have incorporated a reference to the 'reconversion of declining industrial regions'. But we want this reference in Article 1 (not Article 3), since there is a cross reference to Commission proposals under Article 4. If this point is established, the rest of the text could be accepted.

The Presidency points out that the Presidency proposal on cooperation with the Parliament would preserve the Council's power of final decision. This has been confirmed by the Council legal service. We should support the Presidency proposal, since this has been clarified to ensure that in the final phase, the Commission will 'reexamine' its proposal in the light of any amendments from the Parliament ie., it could maintain its original proposal.

12/95
Add 2

If possible we should also like to get it established that if the Parliament rejected the common position of the Council (paragraph 2c) the Commission should still give its opinion; and that unanimity should only be required for the Council position to be adopted if the Commission changes its proposal (this would take the whole procedure back to the existing article 149 of the treaty).

The Commission proposal, like that of the Belgians, would not leave the last word with the Council since the Parliament amendment would pass unless the Council by simple majority decided against them (also confirmed by the Council legal service).

The objectionable feature of the Italian proposal is the suggestion that the powers of the European Parliament should be extended from 1992 to co-decision.

The Germans are proposing far too extensive a role for the Parliament under the assent procedure. The Presidency's proposal is that this should apply only for new ascensions (article 237).

The Germans may also propose a review of the relationship with the Parliament in five years time.

Page 11a : Commission's Implementing Powers

Our amendment is wrongly reported. We want to delete "some" or "certain". We would prefer to avoid the German amendment. Otherwise the Presidency text is acceptable.

Page 12a : Technology

The Presidency have taken account of two UK amendments. But they have not described correctly our proposed amendment to Article 10(2). What we proposed was adding to Article 10: "The estimated cost of the specific programmes should not, in aggregate, exceed the financial provision in the framework programme".

We would prefer the amendment to Article 4 to read: "lay down the broad lines of the sectoral programmes".

The President of the Commission has endorsed our statement that the reference to 'natural resources' must not affect energy depletion policies. The Presidency suggests a entry into minutes recording this.

On point 2, we support the German amendment.

On point 3, we could accept the Presidency text with the addition instead : 'Nothing in the present provisions shall prevent the member states from [negotiating in international fora and] concluding agreements with third countries and international organisations concerning all matters for which they are responsible'.

On point 4, the purpose of our amendment was to get it clearly established that all environmental measures must be brought forward under the new articles on the environment (maintaining unanimity) and should not be over-ridden by majority voting under article 100a. This must be clarified.

The Presidency does not record that our position on the need for any new provision in this area is entirely reserved. In any event, we could not agree to any such provision without maintaining unanimity.

We and Germany oppose the text concerning employment policy, which is largely meaningless.

The Presidency reports as agreed the idea, which we support, that the European Court should have a tribunal of first instance, to deal with minor matters. This suggestion came from the British President of the European Court.

Further Contributions

We endorse the Presidency view that the European Council should declare that its inclusions are to be recorded as the final decision on the matters dealt with; and that Foreign Ministers should resolve any drafting points. Our strong preference would be to avoid discussion in the Conference continuing on other proposals which have aroused little interest and/or attracted little support.

Luxembourg, 1 December 1985

NOTE FROM THE PRESIDENCY

Attached is a revised note prepared by the Presidency following the meeting in conclave of the Ministers for Foreign Affairs. The note contains

- on the right-hand page, the text of the summary note submitted to the conclave by the Presidency,
- on the left-hand page, the new factors which came up during the conclave's own discussions.

Another note containing the formal texts resulting from the conclave, together with a note from the Legal Service concerning the Parliament, is being circulated under reference CONF-RGEM 111/85 Addendum 2.

SN 4237/1/85

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CONFERENCE OF THE GOVERNMENTS
OF THE MEMBER STATES

PRESIDENCY REPORT TO THE EUROPEAN COUNCIL

Following the European Council in Milan, a Conference of the Governments of the Member States was convened on 22 July 1985.

The outcome of the Conference, and contributions from a number of Member States and the Commission have been submitted to the European Council.

The Presidency is referring to the Heads of State or Government a

SUMMARY NOTE

given in Annex I, in which the principal questions requiring a decision by the European Council are listed and briefly commented upon.

Annex II contains the report drawn up on the basis of the various proposals on political co-operation put forward with a view to the European union on which the Council will have to decide. ⁽¹⁾

The matters submitted to the European Council are not the only ones involved in the Conference's negotiations. The European Council should confine its discussions to only those questions on which the Heads of State or Government are required to decide.

Among the questions dealt with by the Conference, some have emerged as the centre pieces in an operation which is designed above all to fit the Community for its future tasks, to strengthen its institutional structures for this purpose and to extend the area of its activities in keeping with the demands of our age.

⁽¹⁾ This report has been revised following the conclave and is contained in SN 4272/85.

SN 4237/1/85

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The Conference has therefore concentrated its attention, from the outset, on a limited number of questions:

- the Internal market;
- monetary capacity;
- economic and social cohesion;
- technology;
- the environment;
- social policy and employment;
- European political co-operation.

The conclusions which the Presidency has drawn from the Conference's discussions will have to be supplemented by a decision on the Community's monetary capacity.

Making the rules on Council decisions more flexible (extension of majority voting) and extending the Commission's implementing powers should ensure improved efficiency.

The time has also come to draw conclusions from the decision taken ten years ago to give the members of the European Parliament a mandate by universal suffrage, allowing them to take an effective part in the legislative process.

The general level on which agreement has been reached and on which, if the European Council so decides, consensus may be achieved, means that there can be no further watering down of any important question or any significant formulation.

A Treaty is not in itself a programme. The task before the Conference is to determine the legal framework, to establish procedures and rules. It cannot be a substitute for the Community Institutions, whose role is to formulate, decide upon and implement the policies and the action needed for Community development.

This means that the Conference must keep an open mind about future developments and refrain from measuring the demands of the future against today's contingencies.

A reform of the Treaty is an important event in the history of the Community. The way in which the European Council conceives of the common future of the people of the Community will serve as a signal to our fellow citizens, whose support is needed if the Europe of tomorrow is to be up to its tasks and to the hopes which have been placed in it.

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Procedure

When it was proposed, in Milan, to convene a Conference of the Governments of the Member States, it seemed desirable that it should not extend beyond the next European Council, nearly six months later. The Presidency feels that what was said then is still reasonable and realistic today.

An extension, even on justified grounds, is no guarantee of improved results. There is, however, a certain amount of technical work still to be done.

The Presidency also attaches great importance to the presentation of the results of the next European Council to the European Parliament. The date of 11 December has been agreed for this purpose.

The Presidency therefore feels it appropriate to propose:

- ✓ - that the European Council declare that the outcome of its discussions is to be regarded as the final decision on the questions involved;

- ✓ - that the Conference will, however, meet at Foreign Minister level in the weeks following the meeting of the European Council to finalize the texts and decide, if necessary, on those points on which the European Council has not already decided and which have been referred to them.

As an earnest of its determination to come to a conclusion within the given time, the Conference of the Governments of the Member States will set the date for signing of the Treaty.

CONCLAVE

1. Definition

The Conference was not able to agree on a definition of the internal market and a choice has therefore still to be made.

1a. List of Articles

Certain differences of view as to the list of Articles came to light.

The Presidency would suggest that the European Council instruct the Ministers for Foreign Affairs to compile this list.

2. Harmonization of indirect taxation

The rule of unanimity to be retained. Reservation from two delegations.

Annex 99

INTERNAL MARKET

1. Definition (Article 1)

The objective may be formulated in two ways:

- a single market without internal frontiers as preferred by a majority of the Member States;
- an "area without frontiers", underlining the political implications of the operation, particularly from the point of view of a people's Europe (position of the Commission, supported by some Member States).

The choice between these two formulas does not raise any major legal problems since the rules and conditions for establishing this "market"/"area" are precisely defined in the articles which follow.

The European Council will have to make a choice.

2. Harmonization of indirect taxation (Article 2(2))

99

This is an essential aspect of the single market. Almost all the Member States consider, however, that the unanimity rule (Article 99 of the Treaty) should be retained for any measure to harmonize taxation.

This being the case, the Presidency is proposing an explicit ~~commitment~~ on harmonization.

Some Member States are reluctant to make such a commitment for specific reasons. Article 3 should enable these to be taken into account to a certain extent.

CONCLAVE

3. Article 100a

(a) Germany asked that the "immediate aim" of the measures to be adopted on the basis of Article 100a should be the establishment and operation of the internal market.

(b) Objections from the United Kingdom to "measures".

X Proposal: replace "measures" by "Directives or Regulations or Decisions".

(c) In order to allay the misgivings of those countries with high standards, Germany proposed inserting a provision that the Commission's proposals for the approximation of laws on health, safety, environmental protection and consumer protection would be based on a high level of protection.

This proposal met with broad agreement.

However, Denmark asked to be able to maintain or introduce high standards, even if they might entail a barrier to the smooth operation of the internal market.

Ireland and the United Kingdom maintained their positions.

*Amind
Halt*

The target date is not in any event legally binding.

The European Council is invited to approve the provisions proposed by the Presidency.

3. Article 100a (Article 2(3))

Article 100 (harmonization) is the cornerstone for the establishment of the single market. Efforts to strengthen the decision-making process should therefore concentrate chiefly on this Article.

To this end, the Presidency is proposing the adoption of a new Article 100(a), which would be a derogation from the provisions of Article 100, and would enable measures aimed at the establishment and operation of the internal market to be adopted by a qualified majority.

The United Kingdom and Ireland have raised the problem of the special health rules which they apply, deriving from the fact that they are island States. They are requesting assurances that harmonization will not affect these rules.

Germany and Denmark are asking for the right to maintain high standards even if they are higher than Community standards and may be a barrier to the free movement of goods.

Various suggestions have been put to the Conference (assurance of a high level of standards in the Commission proposal; ~~derogation~~ derogation, by a qualified majority, with Community criteria and controls). However, none of them have met with agreement from the countries concerned, or their partners.

CONCLAVE

In view of the question-marks on the exact scope of the measures to be taken pursuant to the safeguard clauses, the Presidency suggested specifying that these were provisional measures which could be taken in appropriate cases.

4. Other problems

Article 3: no objections.

5. Problem not referred to in the summary note

- (a) Freedom of movement for persons: there will be a separate Protocol on this.
- (b) Article 5: France, supported by the Presidency, asked for a second paragraph to be added to Article 5 reading as follows: "The Council, acting by a qualified majority on a proposal from the Commission, shall determine the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned."
- (c) Administrative powers of the Commission: delegation of competence to the Commission, which suggests the setting up of an Advisory Committee (Article 4).

.../...

A proliferation of exemption clauses in the Treaty would significantly diminish the scope of the decision on the single market to the point of depriving it of a large part of its substance and also destroying the credibility of Community determination to establish an effective internal market.

The Presidency feels that other ways should be explored of solving the problems raised by the governments concerned, which are essentially political in character.

The solution to be sought must obviously:

- be a Community solution;
- be precisely defined as to its objective;
- rule out any disguised protectionism.

Unanimity *ISLANDS*
Not a solution *Unanimity*

Harmonization should not remove all the guarantees that the Member States had before harmonization through invocation of Article 36. To this end it must be specified in the Treaty that Community provisions should lay down a safeguard clause enabling any Member State to take emergency measures, under Community control, in the eventualities envisaged in the present Article 36 of the Treaty.

4. Other problems

Article 3 permits the adoption of special provisions (if need be, temporary derogations) in favour of countries whose economies show marked differences in development. The Presidency considers this clause politically indispensable.

C O N C L A V E

- proposal from the Netherlands Government [SN 4270/85]
- unsuccessful attempt to combine the Commission's initial proposal with the Netherlands proposal [SN 4271/85]
- ten Member States agreed to insert a text on monetary capacity:

The German and United Kingdom Governments still have reservations.

The German Government pointed out certain problems involved in developing the Community's monetary capacity and pressed most particularly for the adoption of an action programme for the liberalization of movements of capital and the importance of a decision on this by the European Council.

The President of the Commission announced that the Commission intended to submit a programme for speeding up the liberalization of movements of capital if agreement were reached on amendments to the Treaty in the monetary sphere.

MONETARY CAPACITY

The decision on the Community's monetary capacity is an essential factor in the credibility of the Conference and the final agreement. The Presidency supports the text submitted by the Commission.

C O N C L A V E

The Presidency's text was in general favourably received and regarded as a point of balance between opposing points of view, as witness the conflicting changes which were requested. The Presidency is accordingly proposing to retain the text as it stands, but with Article 3 amended as follows:

"The ERDF is intended to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging and in the reconversion of declining industrial regions."

COHESION

1. Economic and social cohesion is vital to the Community of twelve. This general objective dictates that special allowance must be made for those Member States whose economies perform less well.
2. The economic development of each of our countries is first and foremost a national responsibility. The Community can and must give its support, through its common policies and its financial instruments.
3. The efficiency and coherence of these financial instruments must be improved, as agreed at Stuttgart, to ensure better use of the necessarily limited resources available to the Community.
4. The ERDF must take its place in the Treaty together with the other two funds provided for at the outset. It must be managed in accordance with the same rules as those governing the other funds (qualified majority decisions).

These four principles are supported by the great majority of Member States. The Presidency requests the European Council to ratify them and adopt the provisions it has established to give them effect.

C O N C L A V E

Further to the proceedings of the conclave, the Presidency submits the following proposals to the European Council:

- the Presidency proposal, the main effect of which would be to preserve the Council's power of final decision; this proposal has been clarified further to the discussions.
- the Commission proposal, amended as suggested by Belgium, whereby amendments agreed by the Commission are taken as adopted, unless the Council rejects them by a simple majority.
- Italian proposal, which is:
 - = application of a system during the period of establishment of the internal market, i.e. until 1992, under which the Council takes a decision directly on the European Parliament's amendments, after the Commission has given an opinion.
 - = formulation of a system assigning wider powers to the European Parliament as from 1992 (co-decision).

The Presidency would also point out that Germany has suggested:

- extending the instances in which the European Parliament is consulted;
- extending the instances in which the assent of the European Parliament is required under Articles 138 (uniform electoral procedure), 236 (revision of the Treaties), 113 (conclusion of trade agreements of major importance) in addition to those cases already covered in the Presidency's proposal (Article 237 - Accession, Article 238 - association agreements).

In response to a request from one Member State a note from the Council Legal Service [CONF-RGEM 115/85] on the legal effects of the expiry of the three-month period within which the Council is required to take a decision was submitted to the Conference.

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EUROPEAN PARLIAMENT

It has not been possible to synthesize the proposals made by the European Parliament, three Governments and the Commission, especially in view of the firm and persistent objections from other Governments.

Accordingly, a procedure for co-operation between Parliament and Council has been proposed. This procedure is intended for decisions to be taken by a qualified majority which concern the internal market and "new fields".

The procedure provides that Parliament's amendments in these fields, provided they are adopted by the Commission, are to be examined by the Council which must act unanimously for the purpose of rejecting them.

This system is acceptable to some Governments. At least one Member State and Parliament consider it too weak, particularly in relation to the idea of a genuine joint decision-making procedure. At least one Member State has so far been unable to agree to the principle of altering Parliament's powers by means of a Treaty.

The President of the Commission has proposed another method of co-operation: more weight would be given to Parliament's amendment proposals when they are given a second reading by the Council, without thereby detracting from the Council's final say.

This proposal has been forwarded to the Governments.

C O N C L A V E

Germany proposed the following form of wording

"..... the Council shall

.....

.....

..... confer as a general rule on the Commission, in the acts it adopts, powers to implement the rules it lays down. The Council may impose certain requirements in respect of the exercise of those powers.

....."

This proposal was not adopted as a result of objections by two delegations.

The United Kingdom has proposed the following amendment to the Presidency's proposal:

"..... The Council may also reserve the right in specific cases to exercise directly some implementing powers itself."

This amendment was accepted.

The Presidency stands by its proposal as amended.

THE COMMISSION'S IMPLEMENTING POWERS

Agreement seems likely on the Presidency proposal. The latter recommends the European Council to adopt its proposal as it stands.

CONCLAVE

- Presidency's proposed amendment for Article 4:

For "specify the content of the envisaged activities",
read: "set a broad outline for the envisaged activities".

This proposal met general acceptance except on the
part of Germany and the United Kingdom.

- the Presidency has endorsed two amendments suggested by
the United Kingdom

- . In Article 2(b) and Article 8, the word "Community"
should precede the expression "RDTD";

- . In Article 10(2) it should be specified that the amount
of the annual contribution must be within the limits
of the framework programme.

TECHNOLOGICAL RESEARCH AND DEVELOPMENT

The Presidency proposal is based on a distinction between:

- a (unanimously adopted) framework programme defining the nature and scope of Community action for a period of several years, and
- specific programmes (adopted by a majority) laying down more detailed rules for and duration of RTD projects

The arrangement proposed has the support of a large majority of the Member States. The Commission considers the framework programme, as defined by the Presidency, too detailed: the unanimity requirement would detract from the effectiveness and dynamism of Community action. It proposes that its own proposal /24/85, Article 3(1)_7 should be considered.

CONCLAVE

1. Article 1(1)

- (a) The Danish Government considers that the wording of paragraph 1 interprets too widely the Community's powers. Denmark proposes that Community action be confined to controls on transboundary pollution and other common problems.

The Presidency considers that this aspect is largely catered for by Article 1(4), and that if Denmark considered it necessary it could be further specified by an interpretative declaration.

- (b) The United Kingdom delegation suggests that the third indent should read as follows:

- to ensure the prudent and rational use of natural resources which affect quality of life.

The Presidency suggests an entry in the minutes of the Conference to the effect that Community action relating to the environment must not interfere with national policies on energy.

2. Article 1(4)

On the basis of an amendment put forward by Germany, the Presidency suggests that the following words be added to the end of paragraph 4: "without prejudice to certain measures of a Community nature, the Member States shall see to the implementation and the financing of the other measures."

3. Article 1(5)

The United Kingdom delegation suggest that this paragraph be replaced by the following: "where common rules exist, the Community shall co-operate with third countries and the competent international organizations; in other cases the Member States shall do so."

The President of the Commission has pointed out that this text represented a step back from Community legislation in its present form, under which, as the Court of Justice has confirmed, the Community can act externally without having adopted internal rules beforehand.

4. Article 2, first paragraph (100)

The United Kingdom delegation has suggested adding, after the word "unanimously", the words "or by means of an approximation of the laws, regulations and administrative provisions in the Member States for the purpose of ensuring the establishment and operation of the internal market, or by some other means ...;"

The Presidency has pointed out that this suggestion is inconsistent with Article 100a.

5. Article 3

Denmark has suggested that the words "and with the operation of the internal market in particular" be deleted. The Presidency has agreed to this.

.../...

ENVIRONMENT

The Presidency's version has received a large degree of support and ought to be endorsed by the European Council.

The problem of financing environment measures requires some clarification:

- those Member States which implement measures naturally do so under their own responsibility and at their own expense;
- certain activities (such as, in particular, aid from the Structural Funds for research programmes and pilot programmes) clearly have a Community dimension by definition and are financed accordingly.

C O N C L A V E

Broad agreement on the Presidency's text. However, the United Kingdom has requested that the words "by a qualified majority" in Article 198(2) be replaced by the word "unanimously".

Other Member States were in favour of a simple majority vote.

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The Federal Republic of Germany and the United Kingdom oppose the text concerning employment policy.

The Presidency stands by its texts.

SOCIAL POLICY

1. To accommodate Denmark, the Presidency proposes that Article 118 should be supplemented by a provision allowing for the adoption (by a qualified majority) of minimum standards for the working environment. This text has met with fairly widespread approval and the Presidency considers its adoption politically advisable.
2. The Commission has made further-reaching proposals ("European social space" - Article 117 - extension of minimum standards to cover the whole of Article 118). These are being firmly opposed by several Member States and, for this reason, the Presidency cannot recommend that they be taken into consideration.
3. The Presidency is also submitting a passage on the dialogue between both sides of industry; this text, which is essentially of a political nature and does not involve any legal constraints, has been suggested by the Commission and has the support of France. The text merits consideration by Ministers.

Denmark has submitted a contribution on employment, to which it attaches particular importance.

On the basis of this contribution, the Presidency is submitting an alternative text, which essentially lays down a number of procedures.

C O N C L A V E

Court of Justice

The Presidency's conclusions have met with agreement as to the principle [see CONF-RGEM 113/85].

Other contributions

Since these points were not able to be discussed by the Conference, the Presidency feels it desirable to propose that:

- the European Council should declare that the findings of its deliberations are to be regarded as the final decision on matters dealt with;
- the Conference composed of Ministers for Foreign Affairs should meet in the weeks following the meeting of the European Council to finalize the texts and, where appropriate, to take a decision on those points on which the European Council had not yet taken a decision and had referred to them.

COURT OF JUSTICE

The President of the Court of Justice has proposed an amendment to the Treaty. The Presidency will inform Ministers of the conclusions it draws from the outcome of the proceedings of a Working Party of Legal Experts.

FURTHER CONTRIBUTIONS

Several Member States and the Commission have submitted further contributions on the following points, which the Conference has been unable to discuss in detail:

- proposal for an Article 235a;
- culture;
- human rights;
- development;
- energy policy;
- animal protection.

Luxembourg, 1 December 1985

CONF - RGEM 111/85	
ADD 2	
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N O T E

from: the Presidency
to : European Council

Subject: List of the proposals put by the Presidency to the
European Council

This document contains:

- the formal texts produced during the conclave with regard to monetary powers and the powers of the European Parliament,
- a note from the Council Legal Service on the legal effects of the expiry of the three-month period within which the Council is required to take a decision (powers of the European Parliament).

CONTENTS

1. Monetary capacity
 - . Netherlands proposal
 - . combined proposal from the Presidency

2. Powers of the European Parliament
 - . Presidency's proposal (latest version)
 - . Belgian proposal
 - . Italian proposal

3. Note from the Council Legal Service

Proposal by the Netherlands delegation on economic
and monetary union

Article 2 (in accordance with the Belgian proposal)

The Community shall have as its task, by establishing a common market, and progressively bringing about an economic and monetary union, to promote throughout the Community the harmonious development of economic activities, steady and balanced expansion, an increase in stability, an accelerated rise in the standard of living and closer relations between the States belonging to it.

Add the following in Title II "Economic Policy" before the chapter on conjunctural policy.

Chapter 1: Progressive achievement of economic and monetary union

Article 103A

1. Through their economic and monetary policies Member States shall progressively create the necessary conditions for achieving economic and monetary union and shall co-operate for this purpose in accordance with the provisions of Article 104. In doing so, they shall take account of experience in co-operation in the framework of the European Monetary System.

*and report on the
competences*

2. The Commission shall, after consulting the Monetary Committee, make proposals to the Council regarding the transfer of powers necessary for the creation of economic and monetary union. The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, shall lay down provisions

*The Committee
of Central
Banks
Council*

SN 4270/85

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which it shall recommend to the Member States for adoption in accordance with their respective constitutional requirements.

3. With a view to achieving economic and monetary union and in order to ensure monetary stability in the Community, a Community central banks system shall be set up and its tasks and powers defined in accordance with the procedure referred to in Article 236.

*Consolidate the
Council of
Central banks*

Monetary provisions: new text replacing the COM text of
18 November 1985 (CONF-REGM 80/85)

I. The reference to economic and monetary union would appear in the Preamble to the text amending the Treaty of Rome, which would read as follows:

- new*
- Whereas the Heads of State or Government, at their Conference in Paris from 19 to 21 October 1972, approved the objective of the progressive achievement of Economic and Monetary Union;
 - Considering the Annex to the conclusions of the Presidency of the European Council meeting in Bremen on 6 and 7 July 1978 and the Resolution of the European Council meeting in Brussels on 5 December 1978, concerning the setting-up of the European Monetary System (EMS) and related questions;
 - Whereas, on the basis of that Resolution, the Community and the Central Banks of the Member States have taken a number of measures designed to implement monetary co-operation;

II. The following shall be added to Annex 107 of the EEC Treaty:

1. Each Member State shall treat its exchange rate policy as a matter of common interest.

Descriptive

The European Monetary System shall include an exchange and intervention mechanism between Community currencies, in which Member States which are able to meet its obligations shall participate. The European Currency Unit (ECU) shall be the pillar of the system; it shall be used in particular for settlements between Community monetary authorities.

2. If a Member State makes an alteration in its rate of exchange which is inconsistent with the objectives set out in Article 104 and which seriously distorts conditions of competition, the Commission may, after consulting the Monetary Committee, authorise other Member States to take for a strictly limited period the necessary measures, the conditions and details of which it shall determine, in order to counter the consequences of such alteration.

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3. The procedures for operating the exchange mechanism shall be determined by agreement between the Central Banks of the Member States of the Community.
4. Responsibility for running the EMS shall be vested in the European Monetary Co-operation Fund. It shall be granted the autonomy necessary for accomplishing its tasks. Its Board of Governors shall be made up of members of the Committee of Governors of the Central Banks of the Member States and of a Commission representative.
5. Where further developments in the EMS entail a transfer of powers (including the replacement of the European Monetary Co-operation Fund by a European Monetary Fund with institutional autonomy), the Commission shall submit a proposal after consulting the Monetary Committee and the Committee of Governors of the Central Banks. The Council, acting unanimously on the Commission's proposal and after consulting the European Parliament, shall lay down provisions which it shall recommend to the Member States for adoption in accordance with their respective constitutional rules.

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POWERS OF THE PARLIAMENT

PROPOSAL FROM THE PRESIDENCY

Article 1

A Co-operation procedure shall be introduced which shall apply to acts based on Articles 7, 49, 54(2), 56, 57 and 100(a) of the Treaty establishing the European Economic Community. The Co-operation procedure shall also apply to acts based on Article 11(2) of the text on research and technological development and on Article 5 of the text on cohesion and also on acts to be taken by a qualified majority pursuant to Article 118.

Article 2

The provisions of Article 149 of the Treaty establishing the European Economic Community shall be replaced by the following:

1. Where, in pursuance of this Treaty, the Council acts on a proposal from the Commission, unanimity shall be required for an act constituting an amendment to that proposal.

2. Where, in pursuance of this Treaty, a Council act is adopted in co-operation with the European Parliament, the following procedure shall apply:

- (a) The Council, acting by a qualified majority under the conditions of paragraph 1 above, on a proposal from the Commission and after obtaining the Opinion of the European Parliament, shall adopt a common position.
- (b) The common position of the Council shall be transmitted to the European Parliament. The Council and the Commission shall inform the Parliament fully of the reasons which led the Council to adopt its common position and also of the Commission's position.

If, within three months of such communication, the European Parliament approves this common position or has not taken a decision within that period, the Council shall definitively adopt the act in question in accordance with the common position.

- (c) Within the period of three months referred to in paragraph 2(b), the European Parliament may, by an absolute majority of its constituent members, propose amendments to the common position of the Council. The European Parliament may also reject the common position of the Council by the same majority. The result of the proceedings shall be transmitted to the Council and the Commission.

— If the Parliament has rejected the common position of the Council, unanimity shall be required for the Council to act on a second reading.

(d) The Commission shall, within the period of one month, re-examine the proposal, on the basis of which the Council adopted its common position, by taking into account the amendments proposed by the European Parliament.

(e) The Council, acting by a qualified majority, shall adopt the proposal re-examined by the Commission.

Unanimity shall be required for the Council to amend the re-examined Commission proposal.

(f) The Council shall be required to act within a period of three months.

3. As long as the Council has not acted, the Commission may alter its original proposal, in particular where the European Parliament has been consulted on that proposal.

Article 3

The provisions of the first paragraph of Article 237 shall be replaced by the following:

*New annex
237*

Any European State may apply to become a member of the Community. It shall address its application to the Council which, after consulting the Commission, shall act unanimously after receiving the assent of the European Parliament which shall act by a majority of its members.

Article 4

The provisions of the second paragraph of Article 238 shall be replaced by the following:

*238
New annex 4*

These agreements shall be concluded by the Council, acting unanimously and after receiving the assent of the European Parliament which shall act by a majority of its members.

CO-OPERATION PROCEDURE WITH THE PARLIAMENT

Amendment - suggested by Mr TINDEMANS and supported by the Commission - to Article 2(2)(e) of the Presidency's proposal.

(e) The re-examined proposal from the Commission shall be adopted by the Council acting by a qualified majority. Unanimity shall be required for the Council to amend the proposal from the Commission.

The Council shall act within a period of three months.

The re-examined proposal from the Commission shall be deemed to be adopted if, on expiry of the period of three months, the Council, acting by a simple majority, has not rejected it.

If the Parliament rejects the common position of the Council, the Council shall act unanimously.

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Amendment by the Italian delegation to the
Presidency's text (110/85)

Article 2(d), (e) and (f) are replaced by the following provisions:

(d) The Commission shall deliver an opinion within one month of the European Parliament's debate.

(e) Within three months of the period referred to in (d), the Council shall finally adopt the text. The Council shall act in accordance with the provisions of the Treaty if it approves the text as amended by the European Parliament; it shall act unanimously if it departs from or amends the opinion of the Commission.

As from 1 January 1993, subparagraph (e) shall be replaced by the following:

(e) Within three months of the period referred to in (d), the Council, acting in accordance with the provisions of the Treaty, may finally adopt, amend or reject the act in the new version approved by the European Parliament.

The Council shall act unanimously if, in finally adopting the act or amending the text thereof, it departs from the Commission's opinion. The European Parliament shall be briefed on the Council's proceedings.

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- (f) If the Council amends the act in accordance with subparagraph (e), the European Parliament may approve the new text or, acting by an absolute majority of its Members, reject it.

If the European Parliament approves the text or fails to state a position within two months of being informed as laid down in paragraph 5, the Council, acting in accordance with the provisions of the Treaty, shall adopt the act in the form last submitted to the European Parliament.

- (g) Where, under the circumstances provided for in (e) and (f) of this Article, the Council or the European Parliament reject the act, the Council shall note that the procedure has been completed.

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Luxembourg, 1 December 1985

CONF - RGEM 115/85	
	R/LIMITE

OPINION

of: Council Legal Service

Subject: Powers of the European Parliament

- legal effects of the expiry of the three-month period
during which the Council is required to act

Nos prev. docs. CONF-RGEM 110/85
CONF-RGEM 111/85
CONF-RGEM 112/85

During the present meeting of the Conference the Irish delegation requested the Council Legal Service's opinion on the above question.

Given the case-law of the Court of Justice as it stands at present, in particular as regards the interpretation of Article 175 of the EEC Treaty, the Council Legal Service considers that:

- (1) in the wording submitted by the Presidency (CONF-RGEM 111/85), the only effect of the expiry of the three-month period provided for in Article 2(2)(e) and (f) in CONF-RGEM 110/85 is that the Council could find itself in a situation of failure to act under the conditions laid down in Article 175 of the EEC Treaty.

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(2) in the amended version submitted by the Commission (CONF-RGEM 112/85), the revised Commission proposal would, on the other hand, be automatically adopted should the Council, on expiry of the three-month period, have failed to adopt the proposal by a qualified majority, or amend the proposal unanimously or reject the proposal by a simple majority.

The version amended during the meeting by the Commission President and the Belgian delegation does not affect the conclusions set out in (2) above.

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1 December 1985

Progress of discussions on the draft Treaty on
European Political Co-operation

Following the discussion by the Representatives of the Governments of the Member States on 1 December, the following points are still unresolved:

Title of the Treaty

Two versions of the title are still being discussed:

- "Treaty on European Political Co-operation"
- "Treaty on European Co-operation in the sphere of Foreign Policy".

Article 1

The text proposed on 26 November 1985, namely "The High Contracting Parties, being members of the European Communities, set as their objective the search for joint formulation and implementation of a European foreign policy" met with objections from several delegations.

However, one delegation said that this was the only wording to which it could agree.

By way of compromise, the Presidency proposed the following text:

"The High Contracting Parties, being members of the European Communities, shall endeavour jointly to formulate and implement a European foreign policy".

Article 3:

"[The Ministers for Foreign Affairs] [The European Council] [The Council of the European Union] shall give general political guidelines for Political Co-operation."

One delegation is against giving legal substance to the role of the European Council and would prefer: "The Ministers for Foreign Affairs ...".

Two delegations are proposing that the version "The Council of the European Union ..." be used.

The other delegations have reserved their positions pending the outcome of the Intergovernmental Conference and are proposing that, for the time being, the words "The European Council ..." be used.

ARTICLE 8

1. The High Contracting Parties consider that closer co-operation on questions of European security would contribute in an essential way to the development of a European external policy identity. They are ready to co-ordinate their positions more closely on the political and economic aspects of security.
2. The High Contracting Parties are determined to maintain the technological and industrial conditions necessary for their security. They shall work to that end both at

KEY POINTS FOR THE EUROPEAN COUNCIL

Internal Market

- The definition "single market without internal frontiers" (not "area without frontiers").
- || - No need to change Article 99. In any event, unanimity must be maintained. *Insh*
Danes
- || - Unanimity for human, animal and plant health, in any event so far as measures affecting standards in Britain and Ireland are concerned.
- In Article 100, majority voting should apply only for directives. In any event, "measures" must be clarified to ensure that the approximation of laws and regulations having the force of law should only be by directives; Regulations for approximation of administrative provisions.
- Cooperation on drugs, terrorism and immigration from third countries is a matter for the Member States.

Cohesion

- Reference in Article 1 to the need to help areas of high unemployment and industrial restructuring (as in the existing Social and Regional Fund Regulations).

European Parliament

- Ensure that any agreement is based on the Presidency proposal, and that the Commission proposal is set aside.
- Any agreement must be final and not subject to negotiation with the Parliament.

Technology

- Get Presidency text accepted. Commission proposal set aside.
- [Agreement that the estimated cost of specific programmes should not exceed the financial provision in the framework programme.]

Environment

- Ensure that the rights of Member States to negotiate in international fora like the International Maritime Organisation will be unaffected (it is for the Community to negotiate in international organisations only where common rules have been established).

- Agreement that in future, all Community action on the environment will be taken under the new Treaty Articles (maintaining unanimity).

- Agreement that reference to the conservation of natural resources cannot affect energy depletion policy (this could be done by adding after "natural resources", "on which the quality of life depends").

Powers of the Commission

- To get the Presidency proposal adopted (avoiding any automatic delegation of powers to the Commission).

Social Policy

- To get this proposal set aside; or unanimity maintained for all measures in this area.

Employment

- To get this proposal set aside.

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EUROPEAN COUNCIL, LUXEMBOURG: 2/3 DECEMBER 1985

INTER-GOVERNMENTAL CONFERENCE

Reference: A: Presidency Report to European Council

OPENING INTERVENTION BY THE PRIME MINISTER

- We all have a common aim: seeking to make the Community work better in the interests of all our citizens.

- The Treaty has stood the test of time remarkably well. I am in favour of making it work better and made proposals to enable it to do so.

- I would have liked to see decisions taken already to put practical reforms into effect straightaway. But I recognise there is widespread desire on the part of other member states to try to achieve similar results through changes to some Treaty articles. We have played a full part in these discussions, in accordance with our obligations under Article 236 of the Treaty.

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- These discussions have shown the difficulty and complexity of the task we set ourselves. Much time and effort have been devoted to these discussions. We must now reach conclusions.

- The real problems facing the Community are still there and ever more urgent. We have to complete the common market if we are to create wealth and jobs; we have to make ourselves competitive in the new technologies; we have to sustain the process of reform of the Common Agricultural Policy, because its costs deny us resources for other policies, and we cannot justify continuing to devote one third of all Community spending to the disposal of surpluses for which we can find no markets. Any institutional changes must serve the purpose of real reform.

- The texts that have been discussed by Foreign Ministers and officials reflect the enormous area of common ground between member states, but also some important outstanding differences on some issues. I am ready to take decisions at this meeting: decisions which will lead to the early completion of the common market in goods and services; decisions which will

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improve the Community's ability to compete in technology; decisions which will enable the European Parliament to play a more constructive role in decision-taking, while leaving the last word with the Council of Ministers.

- The proposals presented to us by the Presidency incorporate many of these goals. The Presidency have done sterling work in bringing the discussions this far. I see our task at this Conference as to set the Community firmly on the path of reform in the areas I have indicated. I hope we can concentrate first and foremost on establishing the essential objectives and means of achieving them, with such detailed follow up work as is necessary being done either here or, as necessary, by Foreign Ministers.

- We all agree that the key to the prosperity of the Community is the development of the internal market. We agree on the need for faster progress to create growth, prosperity and jobs in Europe and to strengthen our competitive position on world markets.

- Any changes must advance these objectives while taking account of the legitimate concerns of member

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states.

- I am prepared to see more majority voting to help complete the internal market. But the United Kingdom has a special concern to guard against problems associated with animal and plant imports. As an island we have been preserved from some of the worst animal or plant diseases. As an island free of such diseases, we would be particularly vulnerable to them if they were introduced. I could not therefore agree to voting provisions that could overrule our ability to maintain essential safeguards related to the protection of the life and health of humans and animals.

- I am also ready to consider how we can best take account in the Treaty of areas of activity which have long been under way in the Community, in the Research and Environment Councils. Here too, institutional change must be at the service of member states, not the other way round. Action on the environment will remain primarily the responsibility of member states. Cooperation in technology needs to help, not hamper, enterprises. If we are to be competitive then we have to allow industry to compete.

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- Similar practical considerations need to guide us in addressing the role of the European Parliament. The members of the European Parliament are directly elected. They have a clear right to make known the views of those they represent.

- We therefore favour better and earlier consultation with the Parliament. We favour encouraging the Parliament to make its input to decision-taking.

- But we must do this without upsetting the institutional balance or making decision-taking slower or more difficult. Members of the European Parliament are the democratic representatives of those who elect them. So are we. Moreover, we have to take decisions for our own countries and, in the Council, for the Community as a whole.

- A wide variety of other proposals had been tabled in the Inter-governmental Conference. I believe that at this meeting we must concentrate on the key issues if we are to reach agreement.

- I put forward proposals before the Milan European Council to strengthen our cooperation in foreign

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policy. Recent experience has shown how far we still have to go. Nevertheless, there is agreement on the objective and we are close to agreement on the text.

- I would have liked to see decisions taken in Milan. I have come to this meeting ready to take decisions here in Luxembourg. We must do so if the Community is to deal with the real challenges we face.

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PRIME MINISTER'S OPENING INTERVENTION:
ADDITIONAL POINTS FOR USE AS NECESSARY.

MONETARY COOPERATION

Of course the Community has talked of the aspiration to economic and monetary union. But to make economic and monetary union a specific Treaty objective is a very different matter. That objective is one which, as we all know, poses great difficulties even among countries with very similar levels of economic development (like the Benelux). We all are seeking to bring about a convergence of economic policy and of economic performance. But we all know that we have a very long way to go before that can be achieved. What really is required is to concentrate on practical steps, such as the liberalisation of capital movements and wider use of the ecu.

Inclusion of the EMS in the Treaty could change the basis on which it has developed satisfactorily so far. It would have juridical consequences, making the system less flexible to operate than it is now. We all are concerned about the role and independence of our Central Banks; and we do not want to find ourselves in

a situation in which changes to the operation of the EMS could only be made by action under Article 235. Do not see how we can take this further at this point, in the absence of the people with direct responsibility for the operation of the system, i.e. the Finance Ministers and Central Bank Governors.

[As necessary]

On procedure, agree on need to concentrate on a few key issues. Agree also with the proposals on page 4 of the Presidency note that decisions must be taken now; the European Council's conclusions should be regarded as the final decision on the questions involved. There will still remain points of legal drafting which will have to be dealt with; and Foreign Ministers can clear up outstanding points.

On the internal market (page 5), agree with the definition "unified market without frontiers", not "area", which in our view would have different juridical consequences. Controls to deal with drugs, terrorism and immigration must remain a matter for the Member States.

On indirect taxation, see no need for a change to Article 99. In any event this is an area in which unanimity must be maintained.

In relation to the proposed Article 100(a), prepared to see an extension of majority voting to help realise internal market objectives.

Article 100(a) in our view should refer to "directives", not "measures". In any event it must be made absolutely clear that, where the approximation of national laws and regulations having legal force is concerned, the appropriate legal form is a directive: to attempt to approximate laws by regulation would create legal confusion. Where approximation deals with administrative provisions, regulations are acceptable.

Grateful to Presidency for making clear that a solution has to be found to enable Britain and Ireland to maintain the special health rules in our countries which derive from our position as island states. We agree that a solution should be compatible with the three criteria set out on page 7 of your note, namely that it should be (a) a Community solution, (b) precisely defined as to its objectives, and (c) rule

out disguised protectionism.

Only Community-wide solution we can see is that unanimity should be maintained generally for measures affecting human, animal and plant health. Of course prepared to look at proposals which would enable us and Ireland to maintain those health standards. But they must have a precise legal effect. A solution could not be based on reliance on Article 36 (where safeguards may no longer apply when common rules are established).

On monetary cooperation, we do not see a need to amend the Treaty in this area. Do not see how we can take this further at this point, in the absence of people with direct responsibility, i.e. the Finance Ministers and Central Bank Governors.

On cohesion, we can support much in the Presidency text. We agree that the coordination of the Funds should be improved and that the Regional Fund could be included in the Treaty. We have recognised the special needs of the least developed countries and that the Community has to make provision for them, as we have done through the Integrated Mediterranean Programmes. But a regional policy has to be Community-wide. The

description of the purpose of the Funds in the Presidency text must refer to the problems of high unemployment and industrial restructuring which are in the present agreed definitions of the Funds.

On the Parliament (page 10), we are prepared to look at ways to enable the Parliament to make a more constructive contribution to decision-taking. We believe that the Presidency proposal on cooperation with the Parliament would enable it to do that. We could not agree to the proposal that an amendment by the Parliament should pass automatically unless a majority in the Council decided against it.

On the Commission's implementing powers, we agree that a solution should be based on the Presidency's proposal.

On technology, (page 12), we believe that a solution can be found on the basis of the Presidency's proposal. But it should be made clear (in Article 10) that the financial total of the specific programmes cannot exceed that established in the framework proposal.

On the environment (page 13), we agree with much of the present text, subject to one or two important points of clarification. I am sure that it is not the intention that the reference to the conservation of natural resources could affect oil or gas depletion policy; we shall be seeking explicit confirmation of this.

Environmental programmes will remain primarily the responsibility of the Member States and the Member States must remain responsible for negotiations with third countries and in the International Maritime Organisation within those areas of responsibility; while the Community is responsible where common rules are established. This needs to be clarified; otherwise the text seems acceptable.

On social policy, not clear that this is an area where Treaty amendment is required; and it certainly is an area where unanimity must be maintained.

On the Court of Justice, we agree with the changes the President of the Court has proposed to improve its functioning. There seems wide support for these among our legal experts. The details could be settled after the European Council.

On other proposals, we must keep in mind the need to reach conclusions at this European Council. Doubt if it makes sense to try to deal with other proposals which have not, generally speaking, attracted much interest or support.

On political cooperation, can lift our reserve on the Presidency formulation in Article 1 about the search for joint formulation of a European foreign policy.

We think it makes sense to stick to "European Council" in Article 3.

We can support the Presidency proposal for Article 8(3).

CONFERENCE OF THE GOVERNMENTS
OF THE MEMBER STATES

PRESIDENCY REPORT TO THE EUROPEAN COUNCIL

Following the European Council in Milan, a Conference of the Governments of the Member States was convened on 22 July 1985.

The outcome of the Conference, and contributions from a number of Member States and the Commission have been submitted to the European Council.

The Presidency is referring to the Heads of State or Government

SUMMARY NOTE

given in Annex I, in which the principal questions requiring a decision by the European Council are listed and briefly commented upon.

Annex II contains the report drawn up on the basis of the various proposals on political co-operation put forward with a view to the European union on which the Council will have to decide.

The matters submitted to the European Council are not the only ones involved in the Conference's negotiations. The European Council should confine its discussions to only those questions on which the Heads of State or Government are required to decide.

Among the questions dealt with by the Conference, some have emerged as the centre pieces in an operation which is designed above all to fit the Community for its future tasks, to strengthen its institutional structures for this purpose and to extend the area of its activities in keeping with the demands of our age.

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The Conference has therefore concentrated its attention, from the outset, on a limited number of questions:

- the Internal market;
- monetary capacity;
- economic and social cohesion;
- technology;
- the environment;
- social policy and employment;
- European political co-operation.

The conclusions which the Presidency has drawn from the Conference's discussions will have to be supplemented by a decision on the Community's monetary capacity.

Making the rules on Council decisions more flexible (extension of majority voting) and extending the Commission's implementing powers should ensure improved efficiency.

The time has also come to draw conclusions from the decision taken ten years ago to give the members of the European Parliament a mandate by universal suffrage, allowing them to take an effective part in the legislative process.

The general level on which agreement has been reached and on which, if the European Council so decides, consensus may be achieved, means that there can be no further watering down of any important question or any significant formulation.

A Treaty is not in itself a programme. The task before the Conference is to determine the legal framework, to establish procedures and rules. It cannot be a substitute for the Community Institutions, whose role is to formulate, decide upon and implement the policies and the action needed for Community development.

This means that the Conference must keep an open mind about future developments and refrain from measuring the demands of the future against today's contingencies.

A reform of the Treaty is an important event in the history of the Community. The way in which the European Council conceives of the common future of the people of the Community will serve as a signal to our fellow citizens, whose support is needed if the Europe of tomorrow is to be up to its tasks and to the hopes which have been placed in it.

Procedure

When it was proposed, in Milan, to convene a Conference of the Governments of the Member States, it seemed desirable that it should not extend beyond the next European Council, nearly six months later. The Presidency feels that what was said then is still reasonable and realistic today.

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An extension, even on justified grounds, is no guarantee of improved results. There is, however, a certain amount of technical work still to be done.

The Presidency also attaches great importance to the presentation of the results of the next European Council to the European Parliament. The date of 11 December has been agreed for this purpose.

The Presidency therefore feels it appropriate to propose:

- that the European Council declare that the outcome of its discussions is to be regarded as the final decision on the questions involved;
- that the Conference will, however, meet at Foreign Minister level in the weeks following the meeting of the European Council to finalize the texts and decide, if necessary, on those points on which the European Council has not already decided and which have been referred to them.

As an earnest of its determination to come to a conclusion within the given time, the Conference of the Governments of the Member States will set the date for signing of the Treaty.

INTERNAL MARKET

1. Definition (Article 1)

The objective may be formulated in two ways:

- a single market without internal frontiers as preferred by a majority of the Member States;
- an "area without frontiers", underlining the political implications of the operation, particularly from the point of view of a people's Europe (position of the Commission, supported by some Member States).

The choice between these two formulas does not raise any major legal problems since the rules and conditions for establishing this "market"/"area" are precisely defined in the articles which follow.

The European Council will have to make a choice.

2. Harmonization of indirect taxation (Article 2(2))

This is an essential aspect of the single market. Almost all the Member States consider, however, that the unanimity rule (Article 99 of the Treaty) should be retained for any measure to harmonize taxation.

This being the case, the Presidency is proposing an explicit commitment on harmonization.

Some Member States are reluctant to make such a commitment for specific reasons. Article 3 should enable these to be taken into account to a certain extent.

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The target date is not in any event legally binding.

The European Council is invited to approve the provisions proposed by the Presidency.

3. Article 100a (Article 2(3))

Article 100 (harmonization) is the cornerstone for the establishment of the single market. Efforts to strengthen the decision-making process should therefore concentrate chiefly on this Article.

To this end, the Presidency is proposing the adoption of a new Article 100(a), which would be a derogation from the provisions of Article 100, and would enable measures aimed at the establishment and operation of the internal market to be adopted by a qualified majority.

The United Kingdom and Ireland have raised the problem of the special health rules which they apply, deriving from the fact that they are island States. They are requesting assurances that harmonization will not affect these rules.

Germany and Denmark are asking for the right to maintain high standards even if they are higher than Community standards and may be a barrier to the free movement of goods.

Various suggestions have been put to the Conference (assurance of a high level of standards in the Commission proposal; derogation, by a qualified majority, with Community criteria and controls). However, none of them have met with agreement from the countries concerned, or their partners.

A proliferation of exemption clauses in the Treaty would significantly diminish the scope of the decision on the single market to the point of depriving it of a large part of its substance and also destroying the credibility of Community determination to establish an effective internal market.

The Presidency feels that other ways should be explored of solving the problems raised by the governments concerned, which are essentially political in character.

The solution to be sought must obviously:

- be a Community solution;
- be precisely defined as to its objective;
- rule out any disguised protectionism.



Harmonization should not remove all the guarantees that the Member States had before harmonization through invocation of Article 36. To this end it must be specified in the Treaty that Community provisions should lay down a safeguard clause enabling any Member State to take emergency measures, under Community control, in the eventualities envisaged in the present Article 36 of the Treaty.

4. Other problems

Article 3 permits the adoption of special provisions (if need be, temporary derogations) in favour of countries whose economies show marked differences in development. The Presidency considers this clause politically indispensable.

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MONETARY CAPACITY

The decision on the Community's monetary capacity is an essential factor in the credibility of the Conference and the final agreement. The Presidency supports the text submitted by the Commission.

SN 4237/85
(ANNEX I)

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COHESION

1. Economic and social cohesion is vital to the Community of twelve. This general objective dictates that special allowance must be made for those Member States whose economies perform less well.
2. The economic development of each of our countries is first and foremost a national responsibility. The Community can and must give its support, through its common policies and its financial instruments.
3. The efficiency and coherence of these financial instruments must be improved, as agreed at Stuttgart, to ensure better use of the necessarily limited resources available to the Community.
4. The ERDF must take its place in the Treaty together with the other two funds provided for at the outset. It must be managed in accordance with the same rules as those governing the other funds (qualified majority decisions).

These four principles are supported by the great majority of Member States. The Presidency requests the European Council to ratify them and adopt the provisions it has established to give them effect.

SN 4237/85
(ANNEX I)

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EUROPEAN PARLIAMENT

It has not been possible to synthesize the proposals made by the European Parliament, three Governments and the Commission, especially in view of the firm and persistent objections from other Governments.

Accordingly, a procedure for co-operation between Parliament and Council has been proposed. This procedure is intended for decisions to be taken by a qualified majority which concern the internal market and "new fields".

The procedure provides that Parliament's amendments in these fields, provided they are adopted by the Commission, are to be examined by the Council which must act unanimously for the purpose of rejecting them.

This system is acceptable to some Governments. At least one Member State and Parliament consider it too weak, particularly in relation to the idea of a genuine joint decision-making procedure. At least one Member State has so far been unable to agree to the principle of altering Parliament's powers by means of a Treaty.

The President of the Commission has proposed another method of co-operation: more weight would be given to Parliament's amendment proposals when they are given a second reading by the Council, without thereby detracting from the Council's final say.

This proposal has been forwarded to the Governments.

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THE COMMISSION'S IMPLEMENTING POWERS

Agreement seems likely on the Presidency proposal. The latter recommends the European Council to adopt its proposal as it stands.

SN 4237/85
(ANNEX I)

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TECHNOLOGICAL RESEARCH AND DEVELOPMENT

The Presidency proposal is based on a distinction between:

- a (unanimously adopted) framework programme defining the nature and scope of Community action for a period of several years, and
- specific programmes (adopted by a majority) laying down more detailed rules for and duration of RDD projects.

The arrangement proposed has the support of a large majority of the Member States. The Commission considers the framework programme, as defined by the Presidency, too detailed: the unanimity requirement would detract from the effectiveness and dynamism of Community action. It proposes that its own proposal / 24/65, Article 3(1) 7 should be considered.

ENVIRONMENT

The Presidency's version has received a large degree of support and ought to be endorsed by the European Council.

The problem of financing environment measures requires some clarification:

- those Member States which implement measures naturally do so under their own responsibility and at their own expense;
- certain activities (such as, in particular, aid from the Structural Funds for research programmes and pilot programmes) clearly have a Community dimension by definition and are financed accordingly.

SOCIAL POLICY

1. To accommodate Denmark, the Presidency proposes that Article 118 should be supplemented by a provision allowing for the adoption (by a qualified majority) of minimum standards for the working environment. This text has met with fairly widespread approval and the Presidency considers its adoption politically advisable.
2. The Commission has made further-reaching proposals ("European social space" - Article 117 - extension of minimum standards to cover the whole of Article 118). These are being firmly opposed by several Member States and, for this reason, the Presidency cannot recommend that they be taken into consideration.
3. The Presidency is also submitting a passage on the dialogue between both sides of industry; this text, which is essentially of a political nature and does not involve any legal constraints, has been suggested by the Commission and has the support of France. The text merits consideration by Ministers.

Denmark has submitted a contribution on employment, to which it attaches particular importance.

On the basis of this contribution, the Presidency is submitting an alternative text, which essentially lays down a number of procedures.

COURT OF JUSTICE

The President of the Court of Justice has proposed an amendment to the Treaty. The Presidency will inform Ministers of the conclusions it draws from the outcome of the proceedings of a Working Party of Legal Experts.

FURTHER CONTRIBUTIONS

Several Member States and the Commission have submitted further contributions on the following points, which the Conference has been unable to discuss in detail:

- proposal for an Article 235a;
- culture;
- human rights;
- development;
- energy policy;
- animal protection.

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26 November 1985

Presidency progress report on the
draft Treaty on
European Political Co-operation (*)

The following points are still outstanding after discussion by the Representatives of the Governments of the Member States on 26 November 1985.

Article 1:

One delegation has entered a provisional reservation on the redraft of this Article, which would read as follows:

"The High Contracting Parties, being members of the European Communities, set as their objective the search for joint formulation and implementation of a European foreign policy."

Article 3:

"The Ministers for Foreign Affairs / The European Council / The Council of the European Union shall give general political guidelines for political Co-operation".

One delegation is against giving legal substance to the role of the European Council and would prefer: "The Ministers for Foreign Affairs...."

(*) At the meeting on 26 November 1985 the Representatives of the Governments of the Member States agreed to retain this wording as the title of the draft Treaty.

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Two delegations are proposing that the version "The Council of the European Union ..." be used.

The other delegations have reserved their positions pending the outcome of the Intergovernmental Conference and are proposing that, for the time being, the words "The European Council" be used.

ARTICLE 8

1. The High Contracting Parties consider that closer co-operation on questions of European security would contribute in an essential way to the development of a European external policy identity. They are ready to co-ordinate their positions more closely on the political and economic aspects of security.
2. The High Contracting Parties are determined to maintain the technological and industrial conditions necessary for their security. They shall work to that end both at national level and, where appropriate, in the framework of the relevant institutions and bodies, including the European Economic Community.
3. Nothing in this Treaty shall stand in the way of closer co-operation in the field of security between certain of the High Contracting Parties in the framework of the Western European Union or the Atlantic Alliance. 7
3. Those of the High Contracting Parties wishing to co-operate even more closely in the field of security may do so in the framework of the Western European Union.

4. The High Contracting Parties regard their co-operation in the field of security as a feature of the process of European unification having due regard to the role to be played by the Alliance and to their specific situation and strategies. 7

The first version of paragraph 3 is a compromise proposal by the Presidency.

One Partner submitted an alternative to paragraph 3 and a new paragraph 4.

Articles 10 and 11:

At the meeting on 26 November 1985 it was decided to remove the alternatives for Articles 10 and 11.

LETTER FROM PRESIDENT MITTERRAND TO M. SANTER : 29 NOVEMBER

INFORMAL TRANSLATION

Mr President

I have thought it useful to bring to your attention the exchange of points of view which I have just had with President Craxi on the subject of European action against cancer.

The European Council at Milan expressed the wish that a new dimension be given to European construction bringing it closer to our citizens. It is against this background that it adopted the principle of an action programme against cancer.

As from July President Craxi expressed his interest in the project and designated Professor Veronesi [to work on it]. I asked a working group of French cancer specialists led by Professor Tubiana to reflect on concrete action to be taken in this field.

Professor Veronesi and Professor Tubiana have, over these last weeks, had positive contacts with their

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European colleagues. In the light of these meetings, it seems already possible to outline a package of concrete actions which could be proposed to our partners, in particular the staging of a European week of information, prevention, and detection.

This is why, in the perspective of our next Council at Luxembourg, I submit to you the attached draft which could become the subject of an exchange of views between us. The conclusions of the European Council in the final communique could thus mark in a concrete way the launching of this initiative to whose success I personally attach importance.

(Compliments)

Francois Mitterrand

EUROPE AGAINST CANCER

More than a million Europeans die each year of cancer. If the trend continues, one in three will be affected by the year 2000. By unifying their efforts, European countries could reduce the incidence of cancer through prevention and improve the efficacy of treatment through research. Prevention and research: through these two means, we could hope, over the next ten years, to reduce cancer mortality by 10% and reduce significantly the number of people affected.

(1) The organisation of a European week of information centred on prevention, detection, and early diagnosis, which would bring together doctors, associations and the public.

(2) The founding of a periodical bulletin, aimed in Europe at all general practitioners - whose role is crucial for the success of the struggle against cancer - giving them recent information on research, prevention and detection. Setting up of a computerised network of information accessible to all European practitioners who want it, on cancer treatment and research.

(3) Harmonisation on a European scale of detection and early diagnosis for certain cancers (breast, uterus, digestion, prostate).

Identification of difficulties, and search for solutions. Launching of common action on prevention.

(4) Struggle against smoking (tobacco responsible for 1/3 of cancers, and in particular 95% of lung cancers, ie 300,000 deaths per year in Europe) lowering tar levels, stimulating reduction in consumption, work on de-intoxication methods, harmonisation of regulations.

(5) Struggle against professional cancers, coordination of research, enquiries into frequency, harmonisation of regulations.

(6) Support for research into new methods of treatment (surgery, radio therapy and chemotherapy) of the most frequent cancers. Promotion of European research on the basis of existing structures (OERTC, CIRC ...). Parallel reflection on humanising care, improved welcome and psychological support for patients and their

families.

(7) Help towards cooperation between European research centres: offers of scholarships for exchanges between doctors and researchers. Organisation of work meetings, exchanges of reactions.

(8) Financial support for some specific projects: new machinery, new diagnostic methods and treatment, the role of viruses in human cancers, work on possible vaccination methods.

(9) Harmonisation of legislation on registers of cancer, on enquiry methods, on cancer frequency, while maintaining the secrecy of private life. Likewise harmonisation on medical trials, and on monitoring of non-cancer forming nature of food products.

(10) Support for training and re-cycling of European Cancer specialists on the framework of existing structures, especially the European School of Oncology.

MONSIEUR LE PRESIDENT,

J'AI PENSE UTILE DE PORTER A VOTRE CONNAISSANCE L'ECHANGE DE POINTS DE VUE QUI VIENT D'AVOIR LIEU ENTRE LE PRESIDENT CRAXI ET MOI-MEME AU SUJET DE L'ACTION EUROPEENNE DE LUTTE CONTRE LE CANCER.

LE CONSEIL EUROPEEN DE MILAN AVAIT EN EFFET SOUHAITE DONNER A LA CONSTRUCTION EUROPEENNE UNE NOUVELLE DIMENSION PLUS PROCHE DES CITOYENS. C'EST A CE TITRE QU'IL AVAIT ADOPTE LE PRINCIPE D'UN PROGRAMME D'ACTION CONTRE LE CANCER.

DES LE MOIS DE JUILLET, LE PRESIDENT CRAXI MANIFESTAIT SON INTERET POUR LE PROJET ET DESIGNAIT LE PROFESSEUR VERONESI. J'AI DEMANDE A UN GROUPE DE TRAVAIL DE CANCEROLOGUES FRANCAIS ANIME PAR LE PROFESSEUR TUBIANA DE REFLECHIR A DES ACTIONS CONCRETES EN CETTE MATIERE.

LE PROFESSEUR VERONESI ET LE PROFESSEUR TUBIANA ONT EU CES DERNIERES SEMAINES DES CONTACTS POSITIFS AVEC LEURS COLLEGUES EUROPEENS. A LA LUMIERE DE CES RENCONTRES, IL SEMBLE DEJA POSSIBLE DE PRECISER UN ENSEMBLE D'ACTIONS CONCRETES SUSCEPTIBLES D'ETRE PROPOSEES A NOS PARTENAIRES, EN PARTICULIER LA REALISATION D'UNE SEMAINE EUROPEENNE D'INFORMATION, DE PREVENTION ET DE DEPISTAGE.

C'EST POURQUOI, DANS LA PERSPECTIVE DE NOTRE PROCHAIN CONSEIL A LUXEMBOURG, JE VOUS SOUMETS LE PROJET CI-JOINT QUI POURRAIT FAIRE L'OBJET D'UN ECHANGE DE VUES ENTRE NOUS. LES CONCLUSIONS RETENUES PAR LE CONSEIL EUROPEEN DANS SON COMMUNIQUE FINAL POURRAIT AINSI MARQUER CONCRETEMENT LE LANCEMENT DE CETTE INITIATIVE, A LA REUSSITE DE LAQUELLE JE SUIS ATTACHE.

JE VOUS PRIE DE CROIRE, MONSIEUR LE PRESIDENT, A L'ASSURANCE DE MES SENTIMENTS LES MEILLEURS.

FRANCOIS MITTERRAND

L'EUROPE CONTRE LE CANCER

PLUS D'UN MILLION D'EUROPEENS MEURENT CHAQUE ANNEE DU CANCER. SI LA TENDANCE CONTINUE, UN SUR TROIS SERA ATTEINT EN L'AN 2000. EN UNISSANT LEURS EFFORTS, LES PAYS EUROPEENS PEUVENT REDUIRE LA FREQUENCE DES CANCERS PAR LA PREVENTION ET AUGMENTER L'EFFICACITE DES TRAITEMENTS PAR LA RECHERCHE. PREVENTION ET RECHERCHE : PAR CES DEUX ACTIONS, NOUS POUVONS ESPERER AU COURS DE LA DECEANIE A VENIR, REDUIRE DE 10% LA MORTALITE PAR CANCER ET DIMINUER DE FACON IMPORTANTE LE NOMBRE DE PERSONNES ATTEINTES.

- 1- - ORGANISATION D'UNE SEMAINE EUROPEENNE D'INFORMATION CENTREE SUR LA PREVENTION, LE DEPISTAGE ET LE DIAGNOSTIC PRECOCE, QUI ASSOCIERAIT LES MEDECINS, LES ASSOCIATIONS ET LE PUBLIC.
- 2- - CREATION D'UN BULLETIN PERIODIQUE, DESTINE EN EUROPE A TOUS LES MEDECINS GENERALISTES - DONT LE ROLE EST PRIMORDIAL POUR REUSSIR L'ACTION DE LUTTE CONTRE LE CANCER - LEUR DONNANT DES INFORMATIONS RECENTES SUR LES RECHERCHES CONCERNANT LA PREVENTION ET LE DEPISTAGE. CREATION D'UN RESEAU D'INFORMATION INFORMATISE ACCESSIBLE A TOUS LES PRACTICIENS EUROPEENS QUI LE SOUHAITENT, SUR LE TRAITEMENT DES CANCERS ET SUR LA RECHERCHE.
- 3- - HARMONISATION A L'ECHELLE EUROPEENNE DES CAMPAGNES DE DEPISTAGE ET DE DIAGNOSTIC PRECOCE POUR CERTAINS CANCERS (SEIN, COL UTERIN, CANCERS DIGESTIFS, CANCERS DE LA PROSTATE...). IDENTIFICATION DES DIFFICULTES RENCONTREES ET RECHERCHE DE SOLUTIONS. MISE EN OEUVRE D'ACTION COMMUNES DE PREVENTION.

.../...

- 4- - LUTTE CONTRE LE TABAGISME (LE TABAC EST RESPONSABLE D'UN TIERS DES CANCERS, ET EN PARTICULIER DE 95 % DES CANCERS DES POUMONS SOIT 300.000 DECES PAR AN EN EUROPE) :
BAISSE DE LA TENEUR EN GOUDRON, INCITATION A LA BAISSE DE LA CONSOMMATION, MISE AU POINT DE METHODES DE DESINTOXICATION, HARMONISATION DES REGLEMENTATIONS.
- 5- - LUTTE CONTRE LES CANCERS PROFESSIONNELS : COORDINATION DES RECHERCHES, ENQUETE SUR LEUR FREQUENCE, HARMONISATION DES REGLEMENTATIONS.
- 6- - SOUTIEN A LA RECHERCHE DE NOUVELLES METHODES DE TRAITEMENTS (CHIRURGICALE, RADIOTHERAPIQUE, CHIMIOOTHERAPIQUE) DES CANCERS LES PLUS FREQUENTS. PROMOTION D'UNE RECHERCHE EUROPEENNE EN PRENANT APPUI SUR LES STRUCTURES EXISTANTES (OEPTC, CIRC ...). PARALLELEMENT REFLEXIONS SUR L'HUMANISATION DES SOINS, SUR L'AMELIORATION DE L'ACCUEIL ET DU SOUTIEN PSYCHOLOGIQUE A APPORTER AUX PERSONNES ET AUX FAMILLES.
- 7- - AIDE A LA COOPERATION ENTRE CENTRES DE RECHERCHES EUROPEENS : OCTROI DE BOURSES D'ECHANGES DE MEDECINS ET DE CHERCHEURS. ORGANISATION DE REUNIONS DE TRAVAIL, ECHANGES DE REACTIFS.
- 8- - SOUTIEN FINANCIER A QUELQUES PROJETS SPECIFIQUES: NOUVEAUX APPAREILLAGES. NOUVELLES METHODES DE DIAGNOSTIC OU DE TRAITEMENT. ROLE DES VIRUS DANS LES CANCERS HUMAINS. MISE AU POINT DE METHODES DE VACCINATION EVENTUELLES.
- 9- - HARMONISATION DES LEGISLATIONS SUR LES REGISTRES DU CANCER, SUR LA METHODE D'ENQUETE, SUR LES FREQUENCES DE CANCER, EN PRESERVANT LE SECRET DE LA VIE PRIVEE. HARMONISATION EGALEMENT SUR LES ESSAIS DE MEDICAMENTS, SUR LA SURVEILLANCE DU CARACTERE NON CANCERIGENE DES PRODUITS ALIMENTAIRES.
- 10- - SOUTIEN A LA FORMATION ET AU RECYCLAGE DES CANCEROLOGUES EUROPEENS EN PRENANT APPUI SUR LES STRUCTURES EXISTANTES, NOTAMMENT L'ECOLE EUROPEENNE D'ONCOLOGIE.

KEY

Hannu
Shall not state
= 37
Shall be
Art 36

KEY POINTS FOR THE EUROPEAN COUNCIL

Article 100

Internal Market

1952

Art 36

G.H. 0

- The definition "single market without internal frontiers" (not "area without ^{inland} frontiers").

as provided for in this Treaty.

Irish
James

- No need to change Article 99. In any event, unanimity must be maintained.

- Unanimity for human, animal and plant health, in any event so far as measures affecting standards in Britain and Ireland are concerned.

Art 100

Rabies
Colorado tick
Foot mouth disease
Brucellosis

Art 36
does not apply when
harmonized policy
on particular matter

G.H.

- In Article 100, majority voting should apply only for directives. In any event, "measures" must be clarified to ensure that the approximation of laws and regulations having the force of law should only be by directives; Regulations for approximation of administrative provisions.

- Cooperation on drugs, terrorism and immigration from third countries is a matter for the Member States.

No Treaty
Provision

Unanimity would
be better

D

Cohesion

- Reference in Article 1 to the need to help areas of high unemployment and industrial restructuring (as in the existing Social and Regional Fund Regulations).

Assembly
European Parliament

*Don't give
Presidency proposal*

- Ensure that any agreement is based on the Presidency proposal, and that the Commission proposal is set aside.
- Any agreement must be final and not subject to negotiation with the Parliament.

*W. J. ...
Assembly ...
3 of - No*

Technology

*Assembly -
Art. 236 - no sign of
Euro-Assembly*

- Get Presidency text accepted, Commission proposal set aside.
- [Agreement that the estimated cost of specific programmes should not exceed the financial provision in the framework programme.]

*Under Art 235 - no action
Commission ...*

Environment

7
Article 1: "encourage"
Para 1. - wished to ensure
wished 3

- Ensure that the rights of Member States to negotiate in international fora like the International Maritime Organisation will be unaffected (it is for the Community to negotiate in international organisations only where common rules have been established).

- Article 7 - Para 5 "represents sphere of competence" not defined.

- Agreement that in future, all Community action on the environment will be taken under the new Treaty Articles (maintaining unanimity).

- Agreement that reference to the conservation of natural resources cannot affect energy depletion policy (this could be done by adding after "natural resources", "on which the quality of life depends").

Powers of the Commission

- To get the Presidency proposal adopted (avoiding any automatic delegation of powers to the Commission).

Social Policy

- To get this proposal set aside; or unanimity maintained for all measures in this area.

Employment

- To get this proposal set aside.

ea

PRIME MINISTER

The points to watch out for, which may not come out fully in the briefing, are:

- we should resist amendment to Article 99

- to what extent does the Presidency proposal in reality give the Assembly new powers?

- the French proposal for a preamble entitled Act of European Union.

(C. D. POWELL)

1 December 1985

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332 - 1

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CONFIDENTIAL
FM FCO
TO FLASH THE HAGUE
TELNO 176
OF 291000Z NOVEMBER 85
AND TO FLASH LUXEMBOURG FOR SECRETARY OF STATE'S PARTY
INFO IMMEDIATE UKREP BRUSSELS
INFO SAVING OTHER EUROPEAN COMMUNITY POSTS, LISBON, MADRID

FRAME INSTITUTIONAL

MIPT: ORGANISATION OF EUROPEAN COUNCILS

1. FOLLOWING IS TEXT OF PRIME MINISTER'S REPLY TO MR LUBBERS.
BEGINS

THANK YOU FOR SENDING ME A COPY OF YOUR LETTER TO JACQUES SANTER ABOUT THE FORTHCOMING EUROPEAN COUNCIL. I WARMLY WELCOME YOUR PROPOSAL THAT THE NUMBER OF EUROPEAN COUNCILS HELD EACH YEAR SHOULD BE REDUCED FROM THREE TO TWO. AS YOU KNOW, WE TOO HAVE BEEN IN FAVOUR OF THIS AND SEE IT AS A USEFUL CHANGE WHICH, LIKE YOU, WE WOULD LIKE TO SEE INTRODUCED EARLY NEXT YEAR. I ALSO AGREE WITH THE OTHER PROCEDURAL SUGGESTIONS IN YOUR LETTER FOR IMPROVING PREPARATION FOR, AND CONDUCT OF, BUSINESS AT FUTURE EUROPEAN COUNCILS AND WILL BE HAPPY TO GIVE SUPPORT IN DISCUSSION NEXT WEEK. I LOOK FORWARD TO SEEING YOU IN LUXEMBOURG.
ENDS

HOWE

FRAME INSTITUTIONAL

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OF 290800Z NOVEMBER 85
AND TO FLASH LUXEMBOURG (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE UKREP BRUSSELS
INFO SAVING OTHER EUROPEAN COMMUNITY POSTS, MADRID AND LISBON

FRAME INSTITUTIONAL

ORGANISATION OF EUROPEAN COUNCILS

1. LUBBERS HAS SENT THE PRIME MINISTER A COPY OF A LETTER HE HAS WRITTEN TO THE LUXEMBOURG PRIME MINISTER WITH PROPOSALS FOR FUTURE ORGANISATION OF EUROPEAN COUNCILS. TEXT IS AS FOLLOWS (TRANSLATION BY DUTCH EMBASSY):

QUOTE I AM WRITING THIS LETTER IN THE HOPE THAT, DURING THE EUROPEAN COUNCIL MEETING IN LUXEMBOURG ON 3 AND 4 DECEMBER 1985, THE COUNCIL WILL BE ABLE TO AGREE ON THE NUMBER OF SESSIONS IT SHOULD HOLD. AS OUR MINISTERS FOR FOREIGN AFFAIRS HAVE FOUND, THERE IS A LARGE MEASURE OF AGREEMENT ON THE DESIRABILITY OF REDUCING THE NUMBER OF SESSIONS FROM THREE TO TWO EACH YEAR, IE ONE PER PRESIDENCY. THIS WOULD ALSO BE IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE DOOGE REPORT. NATURALLY IT WOULD REMAIN POSSIBLE, JUST AS IT IS NOW, TO ORGANISE A SPECIAL MEETING OF THE EUROPEAN COUNCIL IF CIRCUMSTANCES SO REQUIRED. I AM VERY KEEN TO SEE A DECISION ALONG THESE LINES MADE DURING

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THE FORTHCOMING EUROPEAN COUNCIL MEETING, SO THAT THE NEW ARRANGEMENTS CAN ENTER INTO FORCE AT THE BEGINNING OF 1986. I SHOULD LIKE TO EMPHASISE THAT MY WISH TO REDUCE THE NUMBER OF SESSIONS IS NOT MOTIVATED BY ANY DESIRE TO LESSEN THE ROLE PLAYED BY THE EUROPEAN COUNCIL. ON THE CONTRARY, THIS STEP IS INTENDED TO ENHANCE THE COUNCIL'S ROLE. SINCE THE EUROPEAN COUNCIL WAS FORMALISED DURING THE CONFERENCE OF HEADS OF GOVERNMENT IN DECEMBER 1974 IN PARIS, IT HAS BEEN SHOWN THAT THE COUNCIL CAN PLAY AN IMPORTANT PART IN INITIATING AND DIRECTING THE GROWTH OF EUROPEAN UNITY AND IN TAKING ACTION TO RECONCILE AND MEDIATE WHEN DECISION-MAKING IN THE ORGANS OF THE EUROPEAN COMMUNITY IS IN DANGER OF COMING TO A HALT. NONETHELESS, THE EXCESSIVE NUMBER OF SESSIONS HAS RESULTED IN A CERTAIN EROSION OF THE COUNCIL'S ABILITY TO OPERATE EFFECTIVELY. I ALSO BELIEVE THAT WE SHOULD TAKE ADVANTAGE OF THE OPPORTUNITY WHICH WE WILL HAVE IN LUXEMBOURG TO IMPROVE THE OPERATION OF THE COUNCIL BY EFFECTING PREPARATIONS IN A MORE ORGANISED FASHION. I SHOULD LIKE TO PROPOSE, FOR EXAMPLE, THAT PARTICIPANTS SHOULD NOT BE PERMITTED TO RAISE NEW TOPICS OR DISTRIBUTE NEW DOCUMENTS OR DECLARATIONS AFTER THE PRESIDENT HAS FINALISED THE ANNOTATED AGENDA FOR THE COUNCIL. THE CONCLUSIONS DRAWN BY THE PRESIDENT AT THE END OF THE SESSION SHOULD ALSO AS A RULE BE BASED ON THE AGENDA AND SHOULD RELATE SOLELY TO MATTERS DISCUSSED BY THE HEADS OF STATE AND OF GOVERNMENT.

LASTLY, WE MIGHT PERHAPS DEVOTE SOME ATTENTION TO THE SIZE OF DELEGATIONS. NOW THAT A LARGER NUMBER OF MEMBER STATES WILL BE PARTICIPATING IN THESE SESSIONS, THERE IS ALL THE MORE REASON TO REDUCE THE TOTAL NUMBER OF OFFICIALS INVOLVED IN THEM. I HAVE THE IMPRESSION THAT THERE IS A LARGE MEASURE OF AGREEMENT AMONG PARTICIPANTS IN THE EUROPEAN COUNCIL WITH REGARD TO THE VIEW THAT THE SIZE OF CIVIL SERVICE DELEGATIONS COULD BE SUBSTANTIALLY REDUCED WITHOUT DAMAGE.

I HAVE FORWARDED THE TEXT OF THIS LETTER ALSO TO THE OTHER MEMBERS OF THE EUROPEAN COUNCIL. UNQUOTE

2. PLEASE PASS URGENTLY THE PRIME MINISTER'S REPLY AS IN MIFT.

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PRIME MINISTER

EUROPEAN COUNCIL

I attach the briefs. The two serious items are:

- (a) The Economic and Social situation in the Community. You will want to speak on deregulation under this heading. The brief includes a full speaking note. You will also want to glance at the Commission's report. *(detached)*
- (b) The Intergovernmental Conference. We have split this up into individual subjects, attaching in each case the Presidency's texts with a commentary on them. You will want to read in particular the Presidency's report to the European Council.

We have a very restricted briefing meeting on Sunday evening, to be attended by the Foreign Secretary, David Hannay and David Williamson.

There are two possible scenarios for Luxembourg:

- a modest agreement in principle to amend the Treaty in a number of rather minor respects, leaving Foreign Ministers to settle the details over ensuing weeks; or
- a recognition that positions are not yet close enough to allow agreement and by implication a decision that the IGC will have to continue for several more months.

It is not in our interest to treat either outcome as dramatic. There will in fact be strong pressure to achieve the first because several important member states (particularly France) do not want the IGC hanging around any longer; and because most people recognise that postponement is likely to lead to more disagreement rather than a better chance of agreement.

I don't think it matters much to us either way, though the first outcome will be less hassle if we can secure it on reasonable terms.

Our starting point has to be what you said in the House after the last European Council. I attach your statement and supplementaries. You made clear then that we:

- supported action to complete the internal market by 1992 but would wish to keep the unanimity rule on directives which could be vital to our industries;
- wanted to see improvements in decision-taking without impairing our ability to safeguard our national interests;
- were ready to contemplate an agreement formalising existing political co-operation arrangements;
- wished to strengthen technological co-operation;
- could envisage procedures for improved consultation with the European Assembly;
- did not believe that harmonisation of taxation was necessary for completion of the internal market; and
- acknowledged that any Treaty amendments would have to be approved by Parliament.

I think that most of these objectives can be met at Luxembourg. If they are, you could credibly and with justice claim that in substance we have achieved in December what we wanted to achieve in June; our view then that an Inter-governmental Conference was unnecessary has been justified by events; it would have been far simpler to make the various improvements without Treaty amendment; but this is in the end only a procedural question, and it will be for Parliament to decide whether it accepts the proposed amendments.

In short, I don't think you should have any difficulty in justifying an outcome involving limited Treaty amendments. If, on the other hand, there is no agreement at Luxembourg it will be important to be able to demonstrate that this is because others (Italy, Commission, Benelux) were asking too much. We want to avoid a position in which we alone can be blamed for causing a failure by conceding too little.

To achieve a satisfactory outcome our basic requirements on each of the individual issues are:

Internal Market

- to maintain unanimity on questions affecting the rights and interests of employees ("social engineering") and human, animal and plant health.
- to avoid amendment of Article 99 (indirect taxation) or at the least preserve unanimity on any matter affecting it.
- ensure that definition of the internal market does not widen existing rights of free movement of persons or interfere with our immigration control.
- to limit the list of Treaty Articles to which we extend majority voting - subject to the conditions above - to Article 100 and perhaps Article 57(2).

Cohesion

- to obtain a text which avoids any commitment to spend more Community taxpayers money on the south European member states. And to resist Greek attempts to hold the Community to ransom on this point as the price of "success" of the IGC.

Assembly

- to ensure that the Council can always overrule the Assembly. [There is one point here which you will want to probe at the briefing meeting. It seems to me that the Council can only overturn Assembly amendments to its decisions if it votes by unanimity. This would be difficult to achieve and could be dangerous to our interests. But I may have misunderstood.]

- to prevent the Assembly from acquiring the right to assent to new accessions to the Community and new association agreements. [NB: The FCO recommend that you should agree to this: in my view it means giving a new power to the Assembly]

Powers of the Commission

- to ensure that the Council decides in each case what powers to give to the Commission. (The Presidency text ensures this).

Technology

- to agree a new Treaty Article provided unanimity is preserved for all key decisions.

Environment

- to agree a new Treaty Article provided unanimity is preserved on all important issues.

- not to hinder the independent role of member states in the UN and other international organisations.

Monetary Issues

- to resist Treaty amendment altogether.

- as a fallback to concede the wording in the Chancellor's minute.

Political Co-operation

- to agree the text on the table in the context of a generally satisfactory outcome to the Luxembourg meeting.

Act of European Union

The French have tabled a text on this. The FCO will want you to accept it. You may feel that it will cause unnecessary political trouble, for instance:

- the title: "Act of European Union" has in the UK a particular connotation which will raise unnecessary suspicions.
- renaming the European Council the "Council of the European Union".
- defining European Union as the existing Treaties plus political co-operation (though this at least puts the whole issue of Union to bed).
- creating a separate Secretariat for the European Council which is absurd.

You will want to judge the texts in the briefs - which may be further amended by Foreign Ministers at the weekend - by how far they match these objectives.

I also attach a copy of the Treaty.

C.P.P.

Charles Powell

29 November 1985

German proposal for the final communiqué of the Luxembourg European Council

In order to strengthen economic and monetary co-operation within the European Community, the European Council has decided as follows:

1. Member States will make a sustained effort to achieve further progress towards convergence of economic and monetary policy geared to stability *and development.*
2. Member States pledge themselves to put into effect, before the end of 1986, ~~lasting~~ liberalization of payments and capital transactions as already stipulated in the Treaty.
3. The exceptions allowed hitherto under the EMS for some Member States should be terminated as soon as possible.

The circumstances are right.

*From deposits
to structural role*

X rate mechanism

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FM ATHENS
TO IMMEDIATE FCO
TELNO 526
OF 291030Z NOVEMBER 85
INFO PRIORITY EC POSTS



Handwritten notes:
P
B/Lady Young
B/Mr Eggar
B/Pur.
Mr Derek Thomas
Mr Samuel
H/PEY
H/EDCO
H/ERO
H/Economic Advisor
H/REP.
H/Info
H/News
H/Research
H/Plan St
~~No to DSt.~~

PAPANDREOU AT THE SUMMIT

1. THE PRIME MINISTER AND YOU OUGHT TO FIND PAPANDREOU IN A CHASTENED MOOD AT THE SUMMIT.
2. THE GREEK ECONOMY IS IN A MESS. HIS AUSTERITY MEASURES ARE UNPOPULAR. HIS OWN PASOK PARTY IS DIVIDED AND THERE IS GROWING RESENTMENT AT HIS AUTHORITARIAN STYLE OF GOVERNMENT. THERE IS A SENSE OF FLAILING AROUND. THE OMENS ARE THAT THE GREEK ECONOMY WILL BE IN EVEN DEEPER TROUBLE NEXT YEAR. HIS ONLY CONSOLATION IS THAT HIS NEW DEMOCRACY OPPOSITION IS IN DISARRAY.
3. PAPANDREOU OUGHT TO BE GRATEFUL FOR WHAT HE HAS ALREADY RECEIVED FROM THE COMMUNITY: THE 1.75 BILLION ECU LOAN AND THE IMPS SETTLEMENT. HE OUGHT TO HAVE GOT THE MESSAGE (EG DELORS'S OUTBURST ON 27 NOVEMBER) THAT MANY OF THE EC PARTNERS HAVE HEARD ENOUGH FROM THE GREEKS ABOUT THE NEED FOR MORE MONEY. BUT HE IS UNLIKELY TO HAVE DONE MUCH CAREFUL HOMEWORK AND PANGALOS WILL HAVE TO BRIEF HIM. HE MIGHT BE TEMPTED TO PUSH HIS LUCK OVER COHESION. THIS IS THE MAIN POINT AT THE SUMMIT FOR GREECE. A ROW ON THIS ISSUE IN LUXEMBOURG WOULD DIVERT ATTENTION FROM HIS DOMESTIC PROBLEMS, A FAVOURITE PAPANDREOU PLOY. BUT, AGAINST THAT, HE CANNOT AFFORD TO ANTAGONISE HIS MAIN EC BANKERS WHOSE HELP HE IS LIKELY TO NEED AGAIN NEXT YEAR. SO MY GUESS ABOUT THIS UNPREDICTABLE MAN IS THAT HE WILL TRY TO POCKET SOME COMPROMISE WORDING ON COHESION WHICH HE CAN PRESENT TO THE GREEKS AS A PERSONAL VICTORY.
4. HE MAY REFER WITH PLEASURE TO THE PROSPECT OF YOUR VISIT TO ATHENS IN THE SPRING AND HE WILL HAVE HAD MR HESELTINE'S MESSAGE SUGGESTING A POSSIBLE MOD MINISTERIAL VISIT TO DISCUSS DEFENCE EQUIPMENT COOPERATION. IT IS IN OUR INTEREST TO ENCOURAGE HIS WESTERN FENCE-MENDING.
5. PLEASE PASS TO PRIVATE SECRETARY, NO.10 DOWNING ST.
T H O M A S

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Foreign and Commonwealth Office

London SW1A 2AH

29 November 1985

Dear Rachel,

IGC: Internal Market - Possible Amendment to Article 99 EEC

Thank you for your letter of 28 November.

The Foreign and Commonwealth Secretary has made clear in discussion in the Conference that we regard changes to Article 99 as unnecessary. This view has attracted support from the Irish and the Danes. Many other Member States are unhappy with the text, but for the opposite reason: they regard it as an effective block on all moves towards tax harmonisation.

A number of significant Treaty changes are being proposed on which we must hold out until we get the improvements we need. But the Foreign Secretary doubts whether the proposed amendment to Article 99 amounts to a significant change in the present position:

- (a) The Commission already has the power under the existing Article 99 to make proposals on tax harmonisation, and indeed has done so in a number of areas.
- (b) In one important respect the new text is more restrictive on substance than the old. It limits the Commission's freedom to make proposals to those "necessary to ensure the establishment and the operation of the internal market". The existing text refers only to "the interest of the common market" giving the Commission much freer reign.
- (c) The insertion of the reference to consultation of the European Parliament merely codifies existing practice and does not give the Parliament any new role in decision making. Article 99 proposals would not be covered by the new procedures being considered for consultation with the Parliament.

/(d) The



- (d) The provision for decision taking by the Council on the basis of unanimity is clearly maintained. Only a unanimous decision of the Council could lead to a majority voting. Whatever pressure we come under there is no reason why we should succumb to it any more than we have in the past.
- (e) Finally, there is agreement in the Council that the time limit referred to is not intended to be legally binding. We will be working for the strongest possible provision to that effect.

In the light of the above, the Foreign Secretary does not think we should refuse to agree to the amendment if, as is likely, all others can accept it. He thinks that, if this became the issue on which the Conference failed, we would be hard pressed to explain what significant British interest we had been defending - at the cost of the much more important interest which are at stake.

I am copying this letter to Charles Powell (No 10), John Mogg (DTI), Ivor Llewellyn (MAFF), Henry Steel (Attorney General's Office) and David Williamson (Cabinet Office).

Yours ever,

L V Appleyard

(L V Appleyard)
Private Secretary

Mrs Rachel Lomax
HM Treasury

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FM LUXEMBOURG
TO FLASH FCO
TELNO 474
OF 291455Z NOVEMBER 85
INFO FLASH THE HAGUE (FOR PS/SECRETARY OF STATE)
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY OTHER EC POSTS, MADRID, LISBON

VISIT TO LUXEMBOURG BY THE SECRETARY OF STATE: 29 NOVEMBER

1. AT A MEETING CHAIRED BY PRIME MINISTER SANTER AT WHICH POOS AND DONDELINGER WERE ALSO PRESENT, THE PAPER PREPARED BY THE PRESIDENCY FOR THE FORTHCOMING EUROPEAN COUNCIL WAS DISCUSSED. THE FOLLOWING POINTS EMERGED:

I) SANTER AGREED THAT IT WAS IMPORTANT TO CONCLUDE IGC AT THE LUXEMBOURG COUNCIL. IT SHOULD NOT BE ALLOWED TO DRAG ON INTO THE DUTCH PRESIDENCY WHEN ISSUES WOULD BE MORE DIFFICULT TO RESOLVE BECAUSE OF ELECTIONS IN FRANCE AND NETHERLANDS AND BECAUSE THE TERMS OF DISCUSSION WOULD DETERIORATE.

II) IN RESPONSE TO THE SECRETARY OF STATE'S VIEW THAT THE COUNCIL SHOULD CONCENTRATE ON ISSUES WHICH HAVE BEEN UNDER DISCUSSION OVER THE PAST MONTHS, DONDELINGER SAID HE HOPED THE COUNCIL WOULD STICK TO THE PRESIDENCY PAPER.

III) ON THE DEFINITION OF THE INTERNAL MARKET IN ARTICLE 1, THE PRESIDENCY AGREED WITH THE SECRETARY OF STATE THAT THE DEFINITION PREFERRED BY THE MAJORITY OF THE MEMBER STATES WAS THE ONE TO AIM FOR. THEY AGREED THAT THE WORD 'MARKET' AVOIDED THE INCLUSION OF SUCH SUBJECTS AS DRUGS, IMMIGRATION AND TERRORISM.

IV) ON ARTICLE 100A, AND THE QUESTION OF HEALTH AND LIFE OF HUMANS, ANIMALS AND PLANTS, DONDELINGER POINTED OUT THAT THE PRESIDENCY HAD BEEN HEAVILY CRITICISED FOR TAKING INTO CONSIDERATION THE BRITISH AND IRISH POINT. THE PRESIDENCY APPEARED HOWEVER TO ACCEPT THAT THIS ISSUE POSED SPECIAL PROBLEMS FOR THE ISLAND STATES AND SOUGHT TO REASSURE US THAT THE INDENTATIONS UNDER 'SOLUTION TO BE SOUGHT' WERE AIMED AT DRAWING OUT THE GERMANS AND DANES ON THEIR INSISTENCE ON THE RIGHT TO MAINTAIN HIGHER STANDARDS RATHER THAN AT THE BRITISH AND IRISH POINT. DONDELINGER CONFIRMED THAT THIS GERMAN AND DANISH INSISTENCE HAD CREATED A REAL PROBLEM.

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/v)

V) THE SECRETARY OF STATE POINTED OUT THAT THE USE OF THE TERM 'MEASURES' IN ARTICLE 100A WHEREAS ARTICLE 100 USES 'DIRECTIVES' WOULD CAUSE US DIFFICULTY. DONDELINGER SAID THAT OUR OBJECTION TO SEEING THE COMMUNITIES' POWERS TO LEGISLATE DIRECT ENLARGED IN THIS WAY WAS A MAJOR POINT. HE CLAIMED THAT TEN OF THE TWELVE WERE IN FAVOUR OF THE USE OF THE WORD 'MEASURES' AND THAT THE WORD 'MEASURES' DID NOT EXCLUDE 'DIRECTIVES'.

VI) IN RESPONSE TO THE SECRETARY OF STATE'S ARGUMENT THAT THE TIME WAS NOT YET RIPE FOR THE INCLUSION OF A COMMITMENT TO MONETARY UNION, THE PRESIDENCY POINTED OUT THAT OTHERS SAW IT DIFFERENTLY AND THERE WAS A STRONG COMMITMENT FOR IT TO BE INCLUDED EVEN IF IT WAS LESS CLEAR IN WHAT TERMS. SANTER SUGGESTED IT WOULD BE APPROPRIATE FOR SOMETHING TO BE INCLUDED EVEN IF ONLY AN ACKNOWLEDGEMENT THAT EMS EXISTED.

VII) ON COHESION, DONDELINGER SAID THEY HAD TRIED TO MEET OUR ANXIETIES IN THE PRESIDENCY'S NEW FORMULATION. RENWICK AGREED THIS WAS A VAST IMPROVEMENT AND PROVIDED A BASIS FOR AGREEMENT.

VIII) ON THE EUROPEAN PARLIAMENT, THE SECRETARY OF STATE SAID THAT ANY SHIFT AWAY FROM THE PRESIDENCY PROPOSAL WOULD CAUSE US DIFFICULTY. DONDELINGER SAID THAT THE PRESIDENCY DID NOT LIKE THE NEW DELORS PROPOSAL WHICH STOOD NO CHANCE OF ACCEPTANCE. HE AGREED THE PRESIDENCY PROPOSAL WAS THE ONLY POSSIBLE FORMULATION BUT EXPECTED CONSIDERABLE TROUBLE WITH THE ITALIANS WHO HAD THREATENED TO PUT A GENERAL RESERVE ON THE OUTCOME OF THE COUNCIL UNTIL/UNLESS THE EUROPEAN PARILAMENT APPROVED. THE PRESIDENCY HAD JUST RECEIVED A GERMAN PROPOSAL, ORIGINATING WITH KOHL, THAT PFIMLIN SHOULD BE ALLOWED TO TAKE PART IN THE COUNCIL'S DISCUSSIONS OF THE EP'S ROLE. THE PRESIDENCY REACTION HAD BEEN LUKEWARM AND THEY BELIEVED THAT THE GERMANS WERE NOW RECONSIDERING. RENWICK SAID PFIMLIN SHOULD BE BRIEFED AFTER THE COUNCIL. THE COUNCIL'S DECISIONS WOULD NOT BE SUBJECT TO RE-NEGOTIATION REGARDLESS OF THE ITALIAN ATTITUDE. DONDELINGER CONFIRMED THIS WAS THE PRESIDENCY'S VIEW.

IX) ON SOCIAL POLICY, DONDELINGER SAID THE FRENCH HAD STRONG FEELINGS WHICH POOS THOUGHT WERE BECAUSE THIS SUBJECT, UNLIKE OTHER ISSUES, WAS OF INTEREST TO THE MAN IN THE STREET. IN RESPONSE TO CRITICISMS OF THE POSSIBLE COSTS INVOLVED AND THE NEED TO ENSURE THAT ANY MEASURES UNDER IT WERE SUBJECT TO UNANIMITY, DONDELINGER SAID THIS WAS A PURELY POLITICAL ISSUE. MEASURES COULD ALREADY BE TAKEN UNDER ARTICLE 235.

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X) ON EMPLOYMENT, DONDELINGER SAID NO GREAT PASSIONS HAD BEEN AROUSED. SANTER SEEMED TO FAVOUR THE INCLUSION OF SOMETHING WHICH WOULD APPEAR TO GIVE ENCOURAGEMENT TO COOPERATION BETWEEN GOVERNMENTS, EMPLOYERS AND EMPLOYEES. LATER OVER LUNCH THE PRESIDENCY REFERRED TO DANISH INTERNAL POLITICAL CONSIDERATIONS BEHIND THIS PROPOSAL.

XI) ON THE ECJ, DONDELINGER SAID THE DELIBERATIONS OF THE WORKING PARTY APPEARED REASONABLY POSITIVE. RENWICK SAID WE HAD NO OBJECTION IN PRINCIPLE TO THE ECJ'S IDEAS AND PERHAPS A DECISION COULD BE AGREED AND THE TEXT CLEANED-UP, SUBSEQUENT TO THE COUNCIL.

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FM ROME

TO IMMEDIATE FCO

TELNO 1023

OF 290930Z NOVEMBER 85

INFO IMMEDIATE UKREP BRUSSELS, LUXEMBOURG

(FRAME INSTITUTIONAL)

MY TELNOS 1009 AND 1013: ITALY/EUROPEAN COUNCIL.

1. WE HAVE SPOKEN TO CRAXI'S OFFICE AND TO FONTANA GIUSTI (MFA) TO ASCERTAIN WHETHER THE ITALIAN POSITION HAS DEVELOPED SINCE WILLIAMSON SAW RUGGIERO ON 26 NOVEMBER.
2. CRAXI'S OFFICE SAY THAT HE IS LEAVING THE NEGOTIATIONS TO ANDREOTTI, AND WILL LARGELY BE GUIDED BY ANDREOTTI'S REPORT TO HIM AFTER THE WEEKEND CONCLAVE. CONCEIVABLY CRAXI IS DISTANCING HIMSELF FROM THE NEGOTIATIONS, IN ANTICIPATION OF THEIR POSSIBLE FAILURE.
3. FONTANA GIUSTI SAID THAT ANDREOTTI HAD BEEN ANNOYED AT THE WAY IN WHICH THE NEW PAPER ON THE POWERS OF THE EUROPEAN PARLIAMENT HAD SURFACED AT THE IGC LUNCH ON 26 NOVEMBER (UKREP BRUSSELS TELNO 4091). HE IMPLIED THAT IT DID NOT GO FAR ENOUGH FOR THE ITALIANS, AND REPEATED THAT IF THE PARLIAMENT TURNED DOWN THE CONCLUSIONS OF THE EUROPEAN COUNCIL, ANDREOTTI WOULD NOT PRESENT THEM FOR APPROVAL TO THE ITALIAN PARLIAMENT. FONTANA GIUSTI SAID THAT ANDREOTTI STILL WANTED "THE PROSPECT OF CO-DECISION" EITHER AFTER 1992 OR PERHAPS AFTER THE NEXT EUROPEAN PARLIAMENT ELECTIONS. HE ADDED HOW IMPRESSED HE HAD BEEN BY YOUR "FINE PARLIAMENTARY SPEECH" TO THE EP DELEGATION (UKREP BRUSSELS TELNO 4084), EVEN IF THE ITALIANS PARTED COMPANY ON THE SUBSTANCE.
4. THE ITALIANS CONTINUE TO BE OPPOSED TO THE EXEMPTIONS ON HEALTH GROUNDS THAT WE SEEK IN ARTICLE 100, LESS ON THE MERITS OF OUR CASE THAN BECAUSE THEY FORESEE A PROLIFERATION OF OTHER EXEMPTIONS (GERMAN HIGHER STANDARDS) ETC. THAT THEY BELIEVE WILL RENDER THAT ARTICLE TOOTHLESS.
5. WE DETECTED SOME SIGNS THAT THE ITALIANS BELIEVE OR HOPE, THAT THE GERMANS WILL MODIFY THEIR OPPOSITION TO THE INCORPORATION INTO THE TREATY OF REFERENCES TO MONETARY COOPERATION, PERHAPS BY A CLAUSE SAFEGUARDING THE AUTONOMY OF THE CENTRAL BANKS.

BRIDGES

FRAME INSTITUTIONAL

ECO(I)

(REPEATED AS REQUESTED)

CONFIDENTIAL

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file. ECU.

bc PC

10 DOWNING STREET

From the Private Secretary

29 November 1985

MESSAGE FROM MR. LUBBERS

The Prime Minister is content with the proposed reply to Mr. Lubbers' recent message about reducing the number of European Councils. I should be grateful if it could be despatched.

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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①



10 DOWNING STREET

Prime Minister

Agree to

did this message

to Mr. Lubbers?

CDD

20/ki

Yes





Qz.04719

MR POWELL

EUROPEAN COUNCIL

As foreshadowed in my minute to you earlier today, I am sending up this fat text of the Annual Economic Report because of the Prime Minister's interest in a similar report at the Dublin European Council. I do not myself think that there are any points that we particularly need to draw to the Prime Minister's attention, beyond what is already in the brief.

D F Williamson

D F WILLIAMSON

29 November 1985

CONFIDENTIAL
From: THE PRIVATE SECRETARY

*CCP
SH.*



NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

EM

C D Powell Esq
10 Downing Street
London
SW1

29th November 1985

Dear Charles,

MEETING WITH DR FITZGERALD AT LUXEMBOURG ON 1 DECEMBER

You indicated that the Prime Minister is to have a substantive meeting with Dr FitzGerald in Luxembourg tomorrow and that she would welcome a full speaking note. My letter of last night indicated in broad terms what the Prime Minister might raise ... but I attach a fuller speaking note fleshing these points out.

I am copying this letter to Len Appleyard and Michael Stark.

*Yours sincerely
Neil Ward.*

N D WARD

KL

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

29 November 1985

I enclose a copy of a telegram addressed to all European Community Heads of Government from a number of leading industrialists encouraging agreement at the Luxembourg European Council on decisions to implement the major objectives of the Treaty of Rome. I do not think that any specific reply is called for but you will wish to be aware of the existence of the appeal.

I am sending copies of this letter and its enclosure to John Mogg (Department of Trade and Industry), Rachel Lomax (HM Treasury) and to David Williamson (Cabinet Office).

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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35000Z PHTC NL

ARD853 ISA833 29 1431

PP NLCEDRB

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+++

THE RT. HON. MARGARET THATCHER, M.P.,
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297711 PRDRMEG

SON EXCELLENCE LE PRESIDENT DU CONSEIL
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PRIME MINISTER OF THE KINGDOM OF DENMARK
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PALAZZO CHIGI,
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SUA EXCELENCIA
PRIMEIRO MINISTRO
PROF. DOUTOR A. CAVACO SILVA,
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LISBOA,
PORTUGAL,
16708 ETRANP

NOVEMBER 29TH, 1985

AS LEADING INDUSTRIALISTS BASED IN THE EUROPEAN COMMUNITIES AND RESPONSIBLE FOR A TOTAL NUMBER OF 1.800.000 EMPLOYEES IN THE COMMUNITY, WE URGE YOU TO EXERCISE YOUR FULL INFLUENCE SO THAT THE FORTHCOMING TOP MEETING IN LUXEMBOURG ON DECEMBER 2 AND 3 WILL PRODUCE CONCRETE RESULTS STOP NOT ONLY IS THE CREDIBILITY OF EUROPEAN POLITICAL LEADERS AT STAKE, BUT EUROPEAN INDUSTRY BADLY NEEDS A CLEAR SIGNAL THAT THE MAJOR OBJECTIVES OF THE TREATY OF ROME WILL BE REALISED WITHIN THE NEXT 5 YEARS STOP EVEN A CLEAR STATEMENT THAT THIS WOULD NOT BE THE CASE WOULD - ALTHOUGH NOT HOPED FOR - BE HELPFUL AS THIS WOULD END THE PROLONGED PERIOD OF UNCERTAINTY WITH WHICH INDUSTRY HAS TO COPE UNDER THE PRESENT SITUATION AND WHICH FORMS A SIGNIFICANT OBSTACLE ON THE WAY TO EXPANDING OUR ACTIVITIES AND INTENSIFYING OUR EFFORTS TO BUILD A STRONG AND COMPETITIVE EUROPEAN POSITION IN WHICH WE BELIEVE, PROVIDED THE WELL KNOWN BASIC CONDITIONS ARE MET STOP

RESPECTFULLY YOURS,

MR. UMBERTO AGNELLI AND
MR. GIOVANNI AGNELLI,
FIAT SPA,
TORINO ITALY TELEX 212280

MR. V. ANDERSEN, PRESIDENT
BANG AND OLUFSEN,
STAVIR DENMARK 66519

MR. CARLO DE BENEDETTI, CHAIRMAN AND CH.EXEC.OFF
OLIVETTI SPA
IVREA ITALY TELEX 210030

DR. W. DEKKER, PRESIDENT AND CHAIRMAN
N.V. PHILIPS' GLOEILAMPENFABRIEKEN,
EINDHOVEN THE NETHERLANDS TELEX 35000 PHTC NL

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GUEST KEEN AND NETTLEFOLDS PLC,
LONDON, ENGLAND TELEX 24911

MR. H. KONING, PRESIDENT,
GRUNDIG A.G.,
FUERTH GERMANY TELEX 6234310

MR. JEAN LUC LAGARDERE, PRESIDENT DIRECTEUR GENERAL
MATRA,
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PARIS, FRANCE TELEX 620804

MR. A. LEYSEN, CHAIRMAN
AGFA-GEVAERT GROEP,
MORTSEL, BELGIE TELEX 73055

JHR.MR.A.A. LOUDON, PRESIDENT,
AKZO N.V.
ARNHEM THE NETHERLANDS TELEX 45438

MR. MAERSK MC-KINNEY MOLLER, CHAIRMAN
AP MOLLER,
COPENHAGEN, DENMARK TELEX 19632

MR. HANS MERKLE, CHAIRMAN
AND DR. MARCUS BIERICH, PRESIDENT
ROBERT BOSCH GMBH,
STUTTGART, GERMANY TELEX 723733

MR. FRANCOIS XAVIER ORTOLI, PRESIDENT DIRECTEUR GENERAL
CIE FRANCAISE DE PETROLE TOTALE,
PARIS FRANCE TELEX 611992

MR. JEAN PAUL PARAYRE, DIRECTEUR GENERAL
SOCIETE DUMEZ,
NANTERRE, FRANCE TELEX 620844

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MR. EMMANUEL TESCH, PRESIDENT
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SIR GRAHAM WILKINS, CHAIRMAN
THORN EMI,
LONDON, ENGLAND TELEX 24184



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cesth.
cepc

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MR POWELL

BRIEFS FOR EUROPEAN COUNCIL

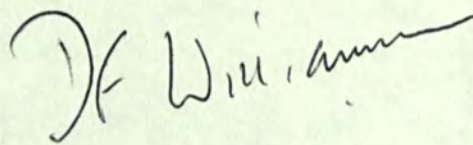
You will already have received the steering brief for the European Council. The brief on the Intergovernmental Conference is being submitted very shortly. To aid handling, you may wish to note the following points.

2. The Steering Brief covers the organisation of the meeting and a survey of our objectives and the objectives of our partners on the Intergovernmental Conference and all the other issues likely to be discussed.
3. The brief for the Intergovernmental Conference item (brief No. 2) contains an opening speaking note for the Prime Minister and, after that, a series of self-contained sub-briefs, concentrating on each subject area to which a text relates. Although the European Council is unlikely to be asked to agree on texts, we thought it essential that the Prime Minister should have available our points on each, since we cannot be sure how the discussion will develop. The sub-briefs are designed to be put into separate folders for use as discussion moves from one subject to another. Each consists of:
 - a statement of objectives
 - a series of general points to make
 - a series of more specific points to make if discussion develops on texts
 - a general analysis of the background to the issue
 - (where appropriate) the texts under discussion, with a commentary on them with text and commentary designed to be on facing pages.

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4. The briefs on other (ie non-IGC) issues (brief No. 3) and Political Cooperation and Debt (brief No. 4) are on traditional points to make and background lines. As you requested, a full speaking note on deregulation is included.
5. You will see that the Other Issues brief (brief No. 3) refers to four documents as references, viz the Commission's Annual Economic Report, two Progress Reports from the Commission and the Council respectively on a People's Europe, and the routine Report on European Union, which are indicated as being available in Luxembourg. These are bulky documents which the Presidency intends that the European Council should only take note of. At present we are only submitting to you the text of the Annual Economic Report but, if you do need the other texts, I have them available.
6. I am sending a copy to Colin Budd (FCO) and to Sir Robert Armstrong.



D F WILLIAMSON

29 November 1985



Backers of radical reform: Giulio Andreotti (left) and Jacques Delors

The EEC summit

Frustrations on the road to a freer market



Nein Danke!
No Thanks!
Non Merci!

Quentin Peel in Brussels reports on the prospect for next week's meeting of EEC leaders in Luxembourg



Worried about a Treaty redraft: Mrs Thatcher and Paul Schlüter

NOBODY likes to be told: "I told you so." But that is precisely the lecture at least seven EEC leaders are in danger of being given by Mrs Thatcher on Monday.

The British Prime Minister will join her colleagues at the Luxembourg summit, when Europe is supposed to be "re-launched" with a major package of EEC reforms, knowing full well that the outcome is certain to fall short of this ambition.

At the Milan summit in June, Mrs Thatcher warned against embarking on the painstaking exercise of rewriting the Treaty of Rome in order to revitalise the Community, arguing that the pursuit of the necessary consensus would merely delay progress in taking hard decisions to liberalise the market. But when Mr Bettino Craxi of Italy decided to call an unprecedented vote on the issue, Mrs Thatcher was left isolated in a disgruntled minority with Mr Poul Schlüter, the Danish Prime Minister, and Mr Andreas Panandreu of Greece.

On Monday and Tuesday, when the result of the past months' labours comes back to the summit table, one of two results is likely: either the package will be modest in the extreme, focused on the very few key issues on which agreement has been possible; or the deal will be rejected by someone other than Mrs Thatcher.

Indeed, one very real possibility must be that the end result will be rejected by Mr Craxi himself, and his colleague Mr Giulio Andreotti, the Italian Foreign Minister, for falling so far short of the ambitions which they set out in Milan.

If the package is approved it will, however, centre on the two areas closest to British hearts: ways of speeding up the whole process of liberalising the internal market of the Community, of achieving that elusive goal of a Common Market as defined by the founding fathers; and a deal for closer co-operation on foreign policy beyond the purely commercial concerns which are already included in the Treaty.

There should also be a new plan for the European Parliament, giving MEPS a chance to amend EEC legislation, unless the member states agree unanimously to overrule them. But that is an issue on which Italy is adamant that reform must go further—to real co-decision-making—and Denmark is equally determined not to let it go so far. Mrs Thatcher is instinctively on the side of Denmark, but may just be able to stomach the Commission plan.

Treaty reform will therefore mean widening the scope of majority voting on measures needed to liberalise the internal market, including new responsibilities for the Community

such as co-operation on high technology and environmental protection, a modest package of new powers for the parliament, and a treaty on foreign policy co-operation. This last is the one area on which all the member states are already effectively agreed.

Even in the few days left, many upsets are possible. A big unknown factor is what the summit participants may decide to do about monetary policy. Mr Jacques Delors, the president of the European Commission has staked a large part of his reputation on getting the European Monetary System (EMS) written into the Treaty of Rome.

A completed Common Market, without some legal monetary capacity, would be a nonsense, he says.

His initiative has so far been blocked by the EEC Finance Ministers, led by Mr Nigel Lawson, the British Chancellor of the Exchequer, and Mr Gerhard Stoltenberg, the West German Finance Minister. Both are worried that institutionalising the EMS in this way would restrict the autonomy of their central banks to control monetary policy.

As at any summit meeting, the opportunities for political posturing and point-scoring are legion. The heads of government (and head of state, in the case of Mr Mitterrand) will only be good Europeans to the extent it will score them points back home.

But what of the substance behind the manoeuvring, and behind the dry legal language of formal amendments to the Treaty of Rome? If reforms are approved, what will they mean for the real activities of the European Community? And what are the consequences of failure?

When the EEC leaders split so publicly in Milan on the question of Treaty reform, the dispute took the limelight away from their unanimity on the issue of market liberalisation.

All 10 of the present Community backed by their fellows from Spain and Portugal who join on January 1, backed the initiative of the Commission White Paper on the internal market, setting a deadline of 1992 for removing the remaining national barriers to internal trade.

This decision was supposed to complement the proposal to revise the Treaty. The reformists argued that without legal changes in the decision-making system, with more majority voting, the seven-year time-scale could never be achieved. Mrs Thatcher argued that treaty amendment would only be an excuse to delay getting on with the job.

So far at least, the two moves

appear to have gone in opposite directions: as the treaty reform process has gathered pace (if not substance), the momentum of the internal market initiative has shown signs of running down.

That is not to say nothing has been achieved. Decisions are being taken on internal market questions at a speed which would have been inconceivable two years ago.

A whole new approach to the setting of industrial standards has been launched: where detailed harmonisation proves too complex, mutual recognition of the differing national standards will take its place. Seven years of debate were brought to an end in June with an agreement to allow architects the freedom to practice where they will in the Community.

The first effort to liberalise capital movements since 1963 has been agreed by the Finance Ministers, with the deci-

sion finalised just this month on common rules for unit trusts and mutual funds to operate across EEC frontiers, from 1989 at the latest.

The White Paper timetable required the Council of Ministers to take decisions by the end of the year on 81 measures. So far they have decided eight in full, and one in part.

Of the remaining 52, 11 are related to food law, and 18 to veterinary controls.

When Lord Cockfield, the British Commissioner responsible for the internal market, presented his White Paper with great passion last June (it was "probably the most important thing this Commission will do in its lifetime") he agreed that institutional changes were necessary to speed up the whole process further. He may now be regretting that judgment.

The White Paper was geared to a gradual approach. It set a timetable for achieving more than 300 different proposals for

removing national barriers. It began with relatively easy ones, leaving the most divisive issues, such as the harmonisation, or at least approximation, of indirect taxation, and the final removal of all physical frontiers, until late in the period.

The decision of the Milan summit to embark on wholesale treaty reform has upset that gradual approach. It has brought the most difficult questions of national sovereignty right to the forefront of the debate.

One problem is that completing the internal market means different things to different people. The White Paper itself had a dual inspiration.

On the one hand, it owes part of its conception to the UK Government, keen to re-establish its European credentials in the aftermath of the bruising budget dispute to reduce British net contributions to the Community. Completing the Common Market was lighted upon as the perfect vehicle, combining national self-interest (in breaking down the remaining barriers in lucrative areas like financial services) with visible European ambitions.

The second driving force came from Mr Jacques Delors, who took over as president of the European Commission in January. He was looking for the issue which would revitalise a Community increasingly prone to the self-inflicted disease of "Europessimism," and showing ominous signs of getting locked into a pattern of slow economic growth with no cut in unemployment, languishing behind the rapid technological advances of the US and Japan.

Mr Delors, however, went rather further than Mrs Thatcher and her advisers had envisaged. He linked the idea of the single internal market with a vision of "Europe sans frontières"—a border-free Community which would bring home the reality of a united Europe to its ordinary citizens. Not only businessmen, but individuals too, would benefit from scrapping frontier formalities, residence requirements and exchange controls.

That differing view of what the Common Market really means goes to the heart of the continuing debate. Should it be given a political definition (Europe sans frontières) or simply an economic one (a market without barriers to the free movement of people, goods, services and capital)?

"The idea of a European space without frontiers is the cornerstone of the relaunch of Europe," Mr Delors declared this week, as the Foreign Ministers sought once again to whittle down his reform plans.

To some it is even more than that: it is an integral part of

the move towards the still nebulous goal of European Union. That, certainly in Italy, and in the Benelux countries too, should be the end-goal of the conference.

Mr Delors and his fellow proponents of full-scale reform—like Mr Andreotti, the prime architect of the current conference—believe in what might be called the Big Bang theory. They see completion of the internal market as a key part in a resounding recovery of the European economy.

Their idea is that the reform process should inspire the private sector to invest for the large market, and thereby create a virtuous circle of self-fulfilling accelerated economic growth. The package would include much-increased EEC support for co-operation in research and development, on the lines of the Esprit programme for information technology.

What is needed from the Luxembourg summit, according to that way of thinking, is a very visible shake-up of the EEC institutions, including a greatly increased role for the European Parliament.

After three months of unremitting toil, the inter-governmental conference on reform is not going to produce anything so dramatic. It may indeed, as Mrs Thatcher warned, produce nothing at all, for lack of the unanimity required for any amendment to the Rome Treaty. The consensus simply does not exist among the Ten, soon to be 12.

If the package does survive, it will increase the area of decision-making which can be done by qualified majority voting (based on the weighted votes of the member states according to size) rather than the present requirement for unanimity. For example, recognition of professional qualifications in fields like banking and credit institutions, or liberalisation of air transport, could no longer be blocked by one or two member states alone.

But it still begs one crucial question. The negotiators have completely failed to tackle the subject of the so-called Luxembourg compromise—the tacit agreement supported by the UK, France, Ireland, Denmark and Greece, and most recently used by West Germany, which allows them to prevent a vote being taken by citing their "vital national interest." It was clear from the start that it could not be negotiated away, so it has been ignored.

Thus even majority voting cannot override a "vital national interest." Only a rush of political will power to the head can do that. In recent years that commodity has been singularly lacking in the EEC.

Summit breakdown

European technological co-operation was high on the agenda of yesterday's bilateral summit in London between Mrs Thatcher and Chancellor Helmut Kohl of West Germany. But Britain's initial contribution could not have inspired the Germans with much confidence.

The simultaneous interpretation system broke down frequently during the press conference given by the two leaders

Men and Matters

The firemen, who also carry out a range of security duties, added to the chaos by locking doors and turning off the electricity.

Only the personal intervention of the Governor, Michel Camdessus, secured a settlement.

The Department of Environment has a ready answer. Under Chapter 1 of the Housing Act 1980, it says, a flat is any dwelling house that is not a house.

So what is a house? Here the DoE draws a deep breath. "A dwelling house is a house if, and only if, it (or so much of it as does not consist of

your management ability and your IQ, there is now a programme on sale in the US that rates your sexual performance.

Designed for those who are too shy to talk about their sex life, the programme asks lots of very detailed questions about what you do, how often and with whom. It then tells you how your behaviour compares with the rest of the world's.

The psychologists who developed the "Intracourse" programme—and presumably know all about such things—say: "It covers the spectrum of sexual phenomena ranging

There are 148 international companies operating in Northern Ireland. Surprising? Why not find out more.

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From: THE PRIVATE SECRETARY



NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

C D Powell Esq
10 Downing Street
LONDON SW1

28th November 1985

Dear Charles,

EC HEADS OF GOVERNMENT MEETING AT LUXEMBOURG - 1 DECEMBER

I understand that the Prime Minister may meet Dr FitzGerald on Saturday 1 December in the margin of the European Community Heads of Government Meeting in Luxembourg, but that she is unlikely to be able to speak to him for long in private.

If the Prime Minister does have the opportunity to speak to Dr FitzGerald, she may wish to give him impressions of the debate in the House on the Anglo-Irish Agreement and explain the need which Ministers see to reassure the Unionists. She may also wish to emphasise that we hope the first meeting of the Intergovernmental Conference will be a positive development for both communities. In particular we hope that it will have some positive elements for Unionists (eg in the security field) which might help to assuage their present hostility. (The first meeting of the Intergovernmental Conference is likely to be on 11 December and officials are already discussing arrangements with the Irish.)

I am copying this letter to Len Appleyard and Michael Stark.

Yours Sincerely
Neil Ward.

N D WARD



POST OFFICE
MILWAUKEE
WISCONSIN



Post Office, Milwaukee, Wisconsin

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Prime Minister
I will take a copy to Luxembourg
CDP
29/ki

PRIME MINISTER

VAT REGISTRATION THRESHOLD INFRACTION PROCEEDINGS

I think it would be helpful for you to raise with M. Delors when you see him at the European Council next week the question of the infraction proceedings which the Commission are proposing to take against the United Kingdom over what they consider the excessive level of our VAT registration threshold. I discussed the question with Arthur Cockfield last week, but he claims that he has no longer any power to hold the proceedings up.

If you do have the opportunity to speak to M. Delors in Luxembourg, you may like to draw on the following arguments:

- glad that we are to have the opportunity at this Council to discuss again the question of deregulation. Know that we both attach great importance to the question of reducing the administrative burdens on small and medium sized businesses.
- but on one point in particular affecting the United Kingdom, Commission is pursuing policy that would actually increase burden on large number of businesses. This concerns the maximum permitted VAT registration threshold.
- Commission have launched infraction proceedings against UK because they claim we have indexed our threshold (as we are entitled to do) from too high a base.

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Commission formula would leave UK with threshold of around £14,500, rather than £19,500 as at present.

- Keeping threshold high is way UK has chosen to deal with problem of minimizing burden on small businesses. Other member states use different methods, but most recognise that some special treatment is needed. One way is no more 'communautaire' than another. Member states should have the flexibility to tailor their regimes to their individual circumstances.
- Want to ask you, in the light of the work now being done on deregulation, to at least suspend these infraction proceedings until deregulation policy is fully formulated. Unless you do so they will continue of their own momentum.
- Would not be any danger of this being seen as a climbdown by the Commission. More a pragmatic recognition that you are dealing with re-assessed priorities for business in the light of your own deregulation report.
- For Commission to press proceedings in these new circumstances would certainly leave very bad impression in UK. Risks making them look both legalistic and vindictive.

The Commission are also thinking about changes to the Community legislation governing VAT thresholds. Their proposals would also be very unwelcome to the UK. If time permits, therefore, you might like to raise this point as well, on the following lines:



- Also understand that Commission are considering new proposals on VAT registration threshold which would remove the possibility of further indexation of those thresholds above the new limit, which itself would be very much lower than the UK's present threshold.

- Hope that, if this is the case, you will feel able to reconsider. Important that this flexibility should be retained, to allow member states to tailor regimes to their own circumstances.

- Issue has no effect on Community's own resources, nor does it distort international competition.

BACKGROUND

Present VAT registration threshold and infraction proceedings

Under the 1977 Sixth VAT directive, the maximum VAT registration threshold is fixed at 5,000 ecus (c £3,000), except for those member states who already had a larger threshold in 1977. They are allowed to retain and to index their thresholds. On the basis of this, the UK threshold has been progressively increased to £19500.

The particular point on which the Commission have instituted infraction proceedings is the base year from which that indexation has taken place. The UK has indexed its threshold from the £5,000 it was first set at in 1973, whereas the Commission claim it should be indexed from a later year. Their formula would result in a threshold of about £14500. Arthur Cockfield has stalled proceedings for some time, partly by citing the work being done on deregulation, but he now says that he cannot delay things any further.



Deregulation

Following your initiative at last March's European Council and the discussion at Milan, deregulation is to be discussed again in Luxembourg. The Commission have not been making as much progress with setting up a monitoring system as the member states, especially the UK, would like. Delors, however, shares our concern that the administrative burden on small and medium businesses should be reduced wherever possible. So far as VAT is concerned, our policy is to take as many as possible out of the VAT net altogether. Other member states have different methods of dealing with the problem, such as special accounting or collection regimes, but almost all have special arrangements of some sort.

New Commission proposals

Separately, the Commission have proposed that the EEC maximum VAT threshold should be raised. Indexing the present figure would produce about 12000 ecus. The Commission have not yet made a formal proposal, but Arthur Cockfield tells me that he could certainly not get support for a figure above 20000 ecus, and would probably find it difficult to go above 15000 ecus. In addition, the indexation provision from which we have benefitted in the past would be dropped or very severely restricted. (The present UK threshold is equivalent to about 35000 ecus).

A handwritten signature in dark ink, appearing to be 'N.L.' with a flourish.

N.L.

28 November 1985

CJP

(2)



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Prime Minister
I have a copy
of this to take
to Luxembourg.

PRIME MINISTER

M

CJP
29/Ki

EUROPEAN COUNCIL: AMENDMENT TO MONETARY PROVISIONS
OF THE TREATY OF ROME

Your Summit discussions with Chancellor Kohl yesterday confirmed that the Germans, like us, are totally opposed to any amendment to the monetary provisions of the Treaty of Rome.

So are others. When this was discussed at ECOFIN on 18 November the Danish and Irish Ministers spoke out against amendment. The Dutch saw no positive need for amendment, still less that this would be a necessary ingredient in any package.

We cannot rule out that the position might deteriorate. When we spoke yesterday, you thought it would be helpful in that situation to have some possible forms of words up your sleeve. I have considered this further with officials.

As I see it, if we had to go along this road at all, it would clearly be essential that the language used should:

- contain no obligation on us to join the ERM;



- make it clear that exchange rate policy is the responsibility of national authorities;
- minimise any extension of Community competence;
- avoid any Treaty reference to EMU.

Options

I attach at Annexes 1-3 some possible forms of words which would meet these criteria. The first would form part of a Declaration to be annexed to, but not part of, the new Treaty and included in the Final Act of the negotiating conference. The others would represent amendments to the Treaty itself.

A Declaration attached to the Treaty would not be legally binding and would go no further than commitments we have entered into in the past. It is a possible way through. The text at Annex 1 shows what a Declaration might look like. I would recommend, however, against getting into any detailed discussion of texts at the European Council.

As regards Treaty references, the choice, I think, lies broadly between the texts in Annexes 2 and 3 below.

The text in Annex 2 adds to Article 105 a modest reference to the ecu. This would not involve any increase in the competence of the Commission, and would cause us no problems at all. The Germans might well find it unattractive (in which case, of course, their remedy is to stick firmly to no amendment at all).



However, it would certainly be of some interest to the French.

If a reference to the ecu alone were not enough, and the pressure for a reference to the EMS were so great that you thought it sensible to agree, Annex 3 contains language which, though understandable, ought to be relatively harmless.

Tactics

Your position at the European Council will be to resist any monetary amendments with support from Chancellor Kohl. He may crumble, as he has in the past. In those circumstances the Annex 1 approach could only be successful if there was an evident impasse. You might judge it right to play it that way, and offer, at the final stages to consider the possibility of a reference to EMU and EMS in a formal Declaration to the Treaty.

If it is clear, that nothing short of a reference in the body of the Treaty itself will do, your line might be:-

- there should be no reference in the Treaty to EMU, since this - which implies progress towards a common currency and a common Central Bank - would be no more credible to outside opinion than the commitments entered into in 1971 and 1972 and in any case is politically unacceptable in the UK;



- there could however be a case for a reference to the development of the ecu;
- you would only be prepared to consider a reference in Article 107 to the EMS, if there were a balancing reference to Member States' independence in exchange rate matters; and subject to satisfactory assurances that no obligation to join the ERM would result and, more generally, that the current EMS arrangements would be left wholly unchanged.

You should also, as a quid pro quo, press for a commitment to more rapid phasing out of exchange controls in other Member States.

It would be best, as I have said, to avoid getting into discussion of detailed texts at the European Council. Instead, if an agreement in principle is reached either on the basis of a formal Declaration to the Treaty or a minimal amendment to Article 105 or 107, the ECOFIN Council and Monetary Committee should be invited to consider possible texts, also meeting the conditions described in the last paragraph.

Conclusion

Having reviewed the options I am bound to say that the better course by far looks to be not to get caught up in this whole exercise.

28 November 1985

ANNEX 1DECLARATION

The Heads of State and Government,

Noting with approval the increasing contribution made by the European Monetary System, established by their Resolution of 5 December 1978, to the stability of exchange rates within the Community,

Recalling their Declaration on European Union of June 1983,

Declared their intention to work for the strengthening of the System and in particular for the creation at the appropriate moment of a European Monetary Fund and for the further development of the ecu, as key elements in the progress towards the goal of an Economic and Monetary Union.

ANNEX 2Possible Treaty Reference to the ECURevised Article 105(1)

In order to facilitate attainment of the objectives set out in Article 104, Member States shall coordinate their economic policies. They shall for this purpose provide for cooperation between their appropriate administrative departments and between their central banks, and encourage the further development of the ecu.

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ANNEX 3Possible Treaty Reference to the EMSRevised Article 107(1)

Each Member State has independent responsibility for its policy with regard to rates of exchange. Consistently with that responsibility, it shall co-operate in its conduct of that policy with other Member States. The EMS provides a framework for such co-operation. [Member States recognise the need to accelerate the abolition of restrictions on capital movements in accordance with Article 67 and the importance of early removal of restrictions at present authorised under Article 108].



Foreign and Commonwealth Office

London SW1A 2AH

28 November 1985

2 pps

COP
20/11

Dear Charles,

Organisation of European Councils

Thank you for your letter of 26 November enclosing a copy of a letter to the Prime Minister from the Dutch Prime Minister proposing that the European Council in Luxembourg should decide to reduce the number of European Council meetings held each year from three to two.

This is of course something we have been pressing for some time, notably in "Europe - The Future" and in the Dooge Committee which subsequently endorsed the idea. We have encouraged the Dutch to think along these lines in the context of collaboration between our two presidencies next year.

The other suggestions made by Mr Lubbers for improving the operation of the Council are in fact those which we ourselves made during discussions with the Dutch. We therefore also support what Mr Lubbers proposes. The Dutch have been impressed by the fact that our delegations to European Councils are smaller than those of any other member state. They want others to follow our lead.

I am copying this letter to David Williamson (Cabinet Office)

Yours ever,

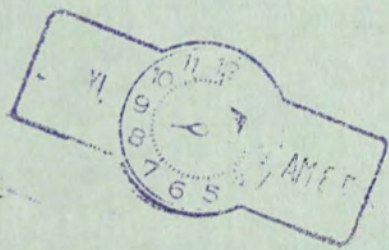
Le Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

for [unclear]
[unclear]

[unclear]



POST OFFICE

UNITED STATES DEPARTMENT OF THE INTERIOR



Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332
Telegrams Cobuistry London WC1

OW

CBI
CONFEDERATION OF
BRITISH INDUSTRY

OSP

with
Sir Terence Beckett's
compliments

EDD
29/11

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332

From
Sir Terence Beckett CBE
Director-General

CBI

28 November 1985

CCSH
FC

The Rt. Hon. Paul Channon MP
Minister of State for Trade &
Industry
Department of Trade & Industry
1 - 19 Victoria Street
LONDON
SW1H 0ET

John ...

In view of the forthcoming European Council meeting and the preceding Ministerial meeting at the Intergovernmental Conference in Luxembourg, you may wish to know that the CBI Council yesterday approved unanimously the attached statement of support for Lord Cockfield's White Paper on the Internal Market.

Our staff have been keeping in touch with your officials about more detailed aspects of the White Paper programme, but the CBI Council statement embodies the general CBI position on this programme, and underlines our full agreement with the stance which Her Majesty's Government have adopted.

I am sending a copy of this letter to Malcolm Rifkind at the FCO and to the Private Secretary at No. 10 Downing Street.

Yours sincerely,

Terry Beckett

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332
Facsimile 01-240 1578

Director-General
Sir Terence Beckett CBE

Secretary
Denis Jackson



STATEMENT APPROVED BY THE COUNCIL OF THE CONFEDERATION OF
BRITISH INDUSTRY AT ITS MEETING ON 27 NOVEMBER 1985

CBI Response to the Cockfield White Paper on the EC Internal
Market

- 1 The CBI regards the completion of the Internal Market as the top-priority task facing the Community. It therefore warmly endorses Lord Cockfield's effort, through a comprehensive plan and timetable, to impose coherence on the Community's diverse attempts to achieve this goal by 1992.
- 2 The CBI pledges strong public support for this effort, and will make representations to this effect to UK Ministers and all the Community Institutions.
- 3 The CBI fully supports the EC legislative programmes set out in Parts I and II of the White Paper. This support is however given without prejudice to the detailed reservations and suggestions already made by the CBI on such legal texts as have already been published, and to scrutiny of the others yet to be published.
- 4 As matters to which we would like to see the Commission and Council of Ministers give particular priority for negotiation we specify, in no order of precedence but to be pursued concurrently, the following -
 - a reduction of frontier controls;
 - b liberalisation of public purchasing;
 - c reduction of state aids;
 - d freedom to provide services;
 - e mutual recognition of standards;
 - f blatant national non-tariff barriers;
 - g harmonising methods of VAT collection.
- 5 The CBI recognises the need for the programme in Part III of the White Paper to remove fiscal barriers, to ensure the emergence of a true common market without national distortions. However, pending further study its position on the details of this Part must be reserved, as the action contemplated will impinge heavily on the management of national economies and raise major negotiating problems within the Community.

- 6 The CBI makes a strong plea to all concerned, including industry and Member Governments, not to allow the momentum of this fresh endeavour to complete the internal market to be lost. This could happen through undue concentration on difficulties of detail: through getting bogged down in issues of institutional reform: or simply through doubts on the feasibility of adhering to Lord Cockfield's timetable, leading to lack of determination to reach agreement. It is particularly important not to allow any reservations about the more distant Part III action to impede progress on the immediate requirements of Parts I and II, and this must at all costs be avoided.



10 DOWNING STREET

From the Private Secretary

Sir Robert Armstrong

ANGLO-IRISH RELATIONS

Thank you for your minute of 27 November about the European Council.

The Prime Minister is not convinced that a reference in the Council's communique to the Anglo-Irish Agreement will necessarily be helpful. Indeed, foreign support for the Agreement appears to be something of an anathema for the Unionists. On the other hand we can hardly refuse a reference if others propose it.

The Prime Minister would like a meeting with the Taoiseach in the margins of the Council and I will contact Mr. Nally to arrange this on arrival. The Northern Ireland Office may like to suggest a list of points which she might raise.

I am copying this minute to the Private Secretaries to the Foreign and Commonwealth Secretary and the Northern Ireland Secretary.

(C. D. POWELL)

28 November 1985

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

28 November 1985

Dear Charles,

CR
20/11

European Council

Thank you for your letter of 26 November enclosing a message to the Prime Minister from M. Santer. I enclose an informal translation.

M. Santer's message is the customary eve of European Council letter addressed to all participants by the Presidency. The letter shows every sign of being an attempt to steer a course between the sometimes conflicting views of all member states. It reflects our own wish to see progress on deregulation.

As regards the monetary issues, the Foreign Secretary recommends that when he sees M. Santer in Luxembourg on Friday he should again register, on the Prime Minister's behalf, our opposition to incorporating in the Treaty any reference to the EMS or to EMU, and draw attention to Chancellor Kohl's views on the subject.

I am copying this letter to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and David Williamson (Cabinet Office).

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

INFORMAL TRANSLATION OF A LETTER FROM THE LUXEMBOURG PRIME
MINISTER TO THE PRIME MINISTER

Madam Prime Minister

A few days in advance of our meeting at the European Council, and following the example of my predecessors in this role, I should like to give you, in exercise of my temporary functions as Chairman of the European Council, a brief account of how the Presidency envisages the shape of the meeting of Heads of State or Government on 2/3 December.

It is clear that the time initially set aside for the European Council is not sufficient to deal comfortably with the tasks which we took on at Milan unless our deliberations can stretch to three half days. I therefore propose to start our meeting on Monday 2 December at 10.30am in order to conclude it early in the afternoon of the following day, Tuesday 3 December.

It is evident that the greater part of our work must be devoted to the examination of the results of the Inter-governmental Conference.

Before starting our discussion on the results of the Conference we shall hear oral communications from the President of the Commission and we shall be able to make preliminary comments on:

1. The main themes of the Annual Economic Report 1985-86 "A strategy of cooperation for growth and employment" (document of 17 October 1985 which has been given a first reading by Economic and Finance Ministers).

2. First results of studies on the strengths and weaknesses of European economies:

- competitiveness
- possibilities for growth
- lack of job creation.

(Following the request of the Milan European Council of June 1985)

3. The creation of a more favourable environment for the creation and development of small and medium enterprises (following the request of the Brussels European Council of March 1985).

4. An interim report on the means of reinforcing the efficacy of job markets, including specific action for expanding employment (following the request of the Brussels European Council of March 1985).

The international situation will lead us, in addition, to devote part of our time, in parallel with Foreign Ministers, to an exchange of views on the world situation, from the stand-point of the views as well as the positions which we shall have to adopt as representatives of the entity that is Europe.

In accordance with the wish expressed at Milan the Inter-governmental Conference has produced a certain number of texts designed to complete or adapt the present Treaty.

A considerable amount of work has been done. I nevertheless share the anxiety of a number among you who have already expressed to me their concern that the substance of these changes fulfil our initial ambitions only very imperfectly, and especially the expectations raised by the Conference, notably at the European Parliament.

The Presidency is all the more determined to ensure that the compromises which are emerging on a certain number of points will not only not be unravelled, but in the last resort might also be improved.

Amendment of the Treaty, and the formulation in Treaty terms of our common objectives in Political Cooperation, as well as the means and procedures which we will apply to this end, must at least cover the following chapters:

- internal market
- monetary dimension
- internal coherence of the policies of the Community and of its means of action
- reinforcement of Community institutions, notably through a real increase in the powers of the European Parliament
- juridical framework for cooperation in the fields of technology and research
- action in the environment field.

I am not unaware of the difficulties presented by a precise and operational long term reference to the affirmation of the monetary dimension, and I know that there is already unanimous agreement to respect existing arrangements [literally "internal balances"] in member states as regards the organisation of powers and competence in monetary matters.

Reforming and supplementing the Treaty would without doubt lose considerable credibility if the Conference were not at least to recall our great objective of achieving economic and monetary union, and were not to refer to the existence of the European Monetary System, as well as to the role and future of the ecu.

Everything, in effect, hangs together. The absence of significant results on one point can lead to meagre results on others. At the opposite extreme a resolutely ambitious attitude would promote without doubt the attainment of stimulating objectives, which would constitute a point of departure for a new phase in the essential adaptation of economies and attitudes to the conditions of a Europe grasping its future role.

The Presidency will submit to the European Council a summary document whose political nature I beg you to take into consideration. Discussion of the document by the European Council, and approval of its broad approach, would give a framework for the conclusions of the Conference.

It is possible that the conclusions of the European Council will require further examination of a technical or juridical nature. When this is done, account could be taken of certain contributions to the work of the Conference, which it has not been possible to fit in to the work leading up to the meeting of the European Council. There would however be no question of reopening discussion on the agreements reached at the European Council.

Foreign Ministers could be invited under the auspices of the Conference to bring the work that has been done rapidly to a conclusion during the two or three weeks following the meeting of the European Council and could then, as representatives plenipotentiary of the governments of member states, sign the set of acts which will constitute the results of the Conference.

The European Council has been able in recent years to contribute definitively to the solution of some difficult problems by committing its own political authority. The presence among us of the Prime Ministers of Portugal and Spain bears witness to the successful conclusion of the negotiations for the accession of these two countries. Now the time has come to commit ourselves to defining tomorrow's Community and to giving it the legal and institutional means which would enable it to fulfil the role which

we and our peoples desire.

[Polite close]

Jacques Santer



CDP

CCPC

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

28 November 1985

Len Appleyard Esq
Private Secretary to the
Secretary of State for Foreign and Commonwealth Affairs

Dear Len,

**IGC:
INTERNAL MARKET - POSSIBLE AMENDMENT TO ARTICLE 99 EEC**

The Chancellor has seen the proposal being put forward in the IGC during discussions on the internal market to amend article 99 of the EEC Treaty. He has asked me to say that he is very much opposed to that idea, and that the United Kingdom should refuse to agree to it.

The Chancellor has noted that the amendment would appear to entail three changes from the existing Article 99 which are particularly unwelcome.

(a) It would give the European Parliament for the first time in the Treaty a role in decisions on indirect tax matters. This would be unwelcome to the House of Commons, who would regard it as an infringement of one of their most cherished privileges.

(b) It implies a commitment to the principle of harmonisation. Although this commitment is qualified in various ways, there still remains a presumption that by the end of 1992 various tax harmonisation measures will have been agreed. It effectively prejudices the questions still being considered by ECOFIN of whether any tax harmonisation is necessary for the completion of the internal market. It would almost certainly be unwelcome and difficult to defend before our own Parliament. It could also possibly lay the Council open to an action before the ECJ if it failed to agree by the implied deadline on measures which the Commission or some member states did consider necessary for that purpose.

(c) Once the possibility of moving to qualified majority voting on certain matters is written into the Treaty, some member states would be bound to wish this provision to become effective. Although formally the United Kingdom would retain a veto over any such move,



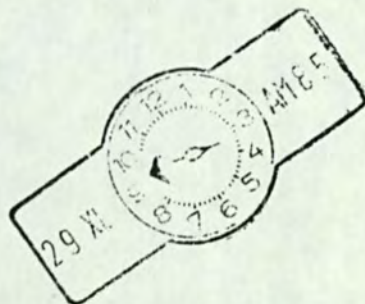
the practical effect could well be that pressure would be applied to persuade us to agree to a move to qualified majority voting in some areas. The problem is that it is very difficult to identify any areas of indirect tax, even machinery matters, which do not potentially have large revenue, compliance or manpower costs.

The Chancellor does not see how the United Kingdom could agree to this proposal. He does not, however, think that ensuring that it does not form part of the final package will necessarily absorb a great deal of negotiating capital. Since the Irish and the Danes have already said that they are not able to accept the proposal, the Chancellor does not think there is any need for the United Kingdom to take the lead on this matter, and that it would probably be unwise for us to do so. He is, however, quite clear that we should continue to refuse to agree to the amendment.

I am copying this letter to Charles Powell (No.10), John Mogg (PS/Secretary of State for Trade and Industry), Ivor Llewelyn (PS/Minister of Agriculture, Fisheries and Food), Henry Steel (PS/Attorney General), Anthony Caryl (PS/Minister of State, Foreign and Commonwealth Office) and to David Williamson (Cabinet Office).

Jansen
Receval

MRS R LOMAX
Principal Private Secretary





PA

10 DOWNING STREET

From the Private Secretary

27 November 1985

Dear Colin,

EUROPEAN COUNCIL

We have now received an English version of M. Santer's letter about the European Council and I enclose a copy of it.

I am copying this letter and enclosure to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and to David Williamson (Cabinet Office).

*Yours sincerely,
Charles Powell*

(CHARLES POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

PA



Prime Minister
My own view is that
foreign support for the
Agreement is anathema to
the Unionists (though it must
also be sobering for them).
Better not to have a reference in
Anglo-Irish Relations to European Council
conclusions.

(1)

Ref. A085/3066

MR POWELL

Mr Nally rang this afternoon with two points related to the forthcoming meeting of the European Council. ~~Agree to~~ Do you want a meeting with the Taoiseach?

2. First, the Irish Government are wondering whether it would be useful to propose that the communique issued at the end of the European Council should contain an approving reference by the Council to the Anglo-Irish Agreement. I said that we would certainly consider this suggestion. It might not be possible to reach a judgment on the effects of such a reference until nearer the time.

CDP
27/11
✓
ms

3. Secondly, Mr Nally said that the Taoiseach hoped that there would be time for the usual half-hour meeting between the Prime Minister and the Taoiseach in the margins of the European Council at Luxembourg. I said that I thought that the Prime Minister would probably hope to have a word with the Taoiseach, though it might be that, having met so recently, the meeting need not be a very long one. I suggested to Mr Nally that he should make contact with you when you both arrived in Luxembourg.

4. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary and the Secretary of State for Northern Ireland.

RTA

ROBERT ARMSTRONG

27 November 1985

3 No 10 ✓
1 FILE

cell

Prime Minister
Eve-g-Europe
Council round robin
from the Presidency. You
will see their text
Looks very bad.

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. DIV GB

AUTOMATIC OUTPUT - DO NOT INTERRUPT

TELEX FOR THE ATTENTION OF :
- MADAME LE PREMIER MINISTRE DU ROYAUME-UNI
MARGARET THATCHER
LONDRES

BRUSSELS, 27 NOVEMBER 1985
TELEX NR. 01/27/11/85

JE VOUS PRIE DE BIEN VOULOIR TROUVER CI-DESSOUS LE TEXTE DE LA
LETTRE QUI VOUS SERA ADRESSEE OFFICIELLEMENT DANS LES MEILLEURS
DELAIS.

MADAME LE PREMIER MINISTRE,

Another difficult
summit mt

DRAFT LETTER

FROM THE PRESIDENT OF THE EUROPEAN COUNCIL

WITH ONLY A FEW DAYS TO GO TO OUR EUROPEAN COUNCIL MEETING,
I SHOULD LIKE TO EMULATE MY PREDECESSORE IN THIS OFFICE BY EXERCISING
MY TEMPORARY FUNCTION AS PRESIDENT OF THE EUROPEAN COUNCIL AND
OUTLINING THE WAY IN WHICH THE PRESIDENCY SEES THE MEETING OF HEADS
OF GOVERNMENT TO BE HELD ON 2 AND 3 DECEMBER.

IT HAS BECOME APPARENT THAT THIS MEETING OF THE EUROPEAN
COUNCIL WOULD BE TOO SHORT TO ALLOW US TO AC COMPLISH SATISFACTORILY
THE TASKS WHICH WE SET OURSELVES IN MILAN UNLESS OUR DISCUSSIONS
COULD BE EXTENDED OVER THREE HALF-DAYS. I THEREFORE SUGGEST THAT WE
BEGIN OUR MEETING ON MONDAY, 2 DECEMBER AT 10.30 A.M. AND CONCLUDE
IT EARLY ON THE FOLLOWING AFTERNOON, I.E. TUESDAY, 3 DECEMBER.

IT IS OBVIOUS THAT THE MAJOR PART OF OUR WORK WILL HAVE TO BE
A STUDY OF THE RESULTS OF THE INTERGOVERNMENTAL CONFERENCE.

BEFORE EMBARKING UPON OUR DISCUSSION OF THESE RESULTS, WE SHALL
HEAR FROM THE PRESIDENT OF THE COMMISSION AND WE SHALL BE ABLE TO
MAKE PRELIMINARY COMMENTS ON :

1. THE MAIN OUTLINES OF THE ANNUAL ECONOMIC REPORT 1985-1986 "A
STRATEGY OF COOPERATION FOR GROWTH AND EMPLOYMENT" (DOCUMENT
DATED 17 OCTOBER 1985, OF WHICH THE MINISTERS OF ECONOMICS AND
FINANCE HAVE MADE AN INITIAL STUDY)..

THE PRESIDENCY IS ALL THE MORE DETERMINED TO ENSURE THAT, FAR
FROM BEING CALLED INTO QUESTION AGAIN, THE COMPROMISES WHICH HAVE
BEGUN TO EMERGE ON CERTAIN POINTS MAY IN THE END BE IMPROVED UPON.

AMENDING THE TREATY, AND EXPRESSING IN TERMS OF THE TREATY OUR
COMMON AIMS IN POLITICAL COOPERATION AND THE MEANS AND PROCEDURES
BY WHICH WE CAN ATRIVE TO ACHIEVE SUCH AN END, MUST COVER THE
FOLLOWING AREAS AT LEAST :

- THE INTERNAL MARKET ..
- MONETARY QUESTIONS ..
- INTERNAL COHERENCE OF COMMUNITY POLICIES AND MEASURES ..
- STRENGTHENING OF THE COMMUNITY INSTITUTIONS - IN PARTICULAR
BY SOME REAL INCREASE IN THE POWERS OF THE EUROPEAN PARLIAMENT..
- THE LEGAL FRAMEWORK FOR COOPERATION IN TECHNOLOGY AND RESEARCH..
- ENVIRONMENTAL MEASURES.

THIS IS THE STAGE FOR THE ORGANIZATION OF POLITICAL COOPERATION
AND THE BACKDROP TO IT ALL IS THE PROSPECT OF EUROPEAN UNION.

I AM NOT UNAWARE OF THE DIFFICULTIES WHICH UNTERLIE ANY
DETAILED LONG-TERM BLUEPRINT FOR THE MONETARY QUAESTION, ALTHOUGH
WE ALREADY HAVE UNANIMOUS AGREEMENT TO RESPECT MEMBER STATES'
INTERNAL EQUILIBRIUM IN THE ORGANIZATION OF POWERS AND RESPONSIBI-
LITIES IN MONETARY MATTERS.

2. THE FIRST RESULTS OF INVESTIGATIONS INTO THE STRENGTHS AND
WEAKNESSES OF THE EUROPEAN ECONOMIES : COMPETITIVENESS -
POTENTIAL FOR GROWTH - INADEQUATE JOB CREATION (AS REQUESTED
AT THE MILAN EUROPEAN COUNCIL IN JUNE 1985)..
3. CREATING A MORE FAVOURABLE CLIMATE FOR SETTING UP AND
DEVELOPING SMALL AND MEDIUM-SIZED ENTERPRISES (AS REQUESTED
AT THE BRUSSELS EUROEPAN COUNCIL IN MARCH 1985)..
4. AN INTERIM REPORT ON WAYS OF STRENGTHENING THE EFFECTIVENESS
OF THE LABOUR MARKETS, INCLUDING SPECIFIC MEASURES AIMED AT
EXPANDING EMPLOYMENT (AS REQUESTED AT THE BRUSSELS EUROPEAN
COUNCIL IN MARCH 1985).

THE CURRENT INTERNATIONAL CLIMATE WILL IN ADDITION LEAD TO OUR
DEVOTING PART OF OUR TIME, ALONG WITH THE FOREIGN AFFAIRS MINSITERS,
TO AN EXCHANGE OF VIEW ON THE POSITIONS WE HAVE TO ADOPT AS
REPRESENTATIVES OF THE ENTITY THAT IS EUROPE.

IN ACCORDANCE WITH THE VIEW EXPRESSED IN MILAN, THE INTERGOVERN-
MENTAL CONFERENCE HAS DRAWN UP CERTAIN TEXTS WITH A VIEW TO
EXPANDING OR ADAPTING THE PRESENT TREATY.

A CONSIDERABLE AMOUNT OF WORK HAS BEEN DONE. NEVERTHELESS, I
SHARE THE ANXIETY OF SEVERAL OF YOU WHO HAVE EXPRESSED TO ME YOUR
CONCERN THAT THE SUBSTANCE OF THESE AMENDMENTS IS BUT A VERY
IMPERFECT REFLECTION OF INITIAL AMBITIONS, AND IN PARTICULAR OF
THE EXPECTIONS WHICH THIS CONFERENCE AROUSED, ESPECIALLY IN THE
EUROPEAN PARLIAMENT.

ANY REVISION OF AND ADDITIONS TO THE TREATIES WOULD UNDOUBTEDLY LOSE A GREAT DEAL OF THEIR CREDIBILITY SHOULD THE CONFERENCE FAIL TO RECALL OUR GREAT OBJECTIVE OF MONETARY AND ECONOMIC UNION, AND FAIL TO REFER TO THE EUROPEAN MONETARY SYSTEM AND TO THE ROLE AND FUTURE OF THE ECU.

IN FACT, IT IS ALL PART OF THE SAME WIDER PATTERN. FAILURE TO PRODUCE SIGNIFICANT RESULTS IN ONE AREA WILL INEVITABLY IMPERISH OUR RESULTS ELSEWHERE. AND CONTRARIWISE, A RESOLUTELY AMBITIOUS ATTITUDE WILL WITHOUT DOUBT ALLOW US TO ACHIEVE STIMULATING RESULTS AND PROVIDE A STARTING-POINT FOR THE ECONOMIC AND PSYCHOLOGICAL CHANGES WHICH ARE ESSENTIAL AS EUROPE ASSUMES ITS NEW ROLE.

THE PRESIDENCY IS SUBMITTING TO THE EUROPEAN COUNCIL A DOCUMENT WHICH BRINGS THESE QUESTIONS TOGETHER, AND I WOULD ASK YOU TO CONSIDER IT AS A POLICY DOCUMENT. IF THE EUROPEAN COUNCIL CAN DISCUSS THIS DOCUMENT AND APPROVE ITS GENERAL LINES, WE CAN SAY THAT THIS CONFERENCE HAS BEEN A SUCCESS.

IT IS POSSIBLE THAT THE EUROPEAN COUNCIL WILL CONCLUDE THAT THE DOCUMENT REQUIRES FURTHER TECHNICAL AND LEGAL EXAMINATION. DURING SUCH EXAMINATION, CONSIDERATION MIGHT BE GIVEN TO CERTAIN CONTRIBUTIONS MADE TO THE WORK OF THIS CONFERENCE WHICH FOR PURELY PRACTICAL REASONS FAILED TO REACH THE EUROPEAN COUNCIL SESSION. THERE WOULD, HOWEVER, BE NO QUESTION OF REOPENING MATTERS WHICH HAD BEEN AGREED AT THE EUROPEAN COUNCIL.

THE FOREIGN AFFAIRS MINISTERS MAY AFTER THE CONFERENCE BE INVITED TO CONCLUDE THEIR WORK QUICKLY DURING THE TWO OR THREE WEEKS FOLLOWING THE MEETING OF THE EUROPEAN COUNCIL AND, AS REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES, TO PUT THEIR SIGNATURES TO THE ENTIRE PROCEEDINGS WHICH EMERGE FROM THIS CONFERENCE.

BY BRINGING ITS POLITICAL WEIGHT TO BEAR, THE EUROPEAN COUNCIL HAS DURING RECENT YEARS BEEN ABLE TO MAKE A DECISIVE CONTRIBUTION TO A NUMBER OF DIFFICULT QUESTIONS. THE PRESENCE HERE TODAY OF THE PRIME MINISTERS OF SPAIN AND PORTUGAL IS AN ELOQUENT TESTIMONY TO THE HAPPY OUTCOME OF THEIR COUNTRIES' ACCESSION NEGOTIATIONS. THE TIME HAS NOW COME FOR US TO TURN TO DEFINING THE COMMUNITY OF THE FUTURE AND TO GIVING IT THE LEGAL AND INSTITUTIONAL RESOURCES WHICH WILL ENABLE IT TO ASSUME THE ROLE WHICH WE AND OUR PEOPLES WISH FOR IT.''

PLEASE, ACCEPT, SIR

VEUILLEZ CROIRE, MADAME LE PREMIER MINISTRE, A L'ASSURANCE DE MA PLUS HAUTE CONSIDERATION.

JACQUES SANTER

AVEC PRIERE DE TRANSMETTRE D'URGENCE LE MESSAGE CI-DESSUS A MADAME LE PREMIER MINISTRE.

27582 CABOFF G
21711 CONSIL B

CONFIDENTIAL

CONFIDENTIAL

FM UKREP BRUSSELS

TO IMMEDIATE FCO

TELNO 4123

OF 271725Z NOVEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS LISBON MADRID

FRAME INSTITUTION~~AL~~

IGC : COREPER LUNCH WITH DELORS.

SUMMARY.

1. FREQUENT EMOTIONAL APPEALS FROM DELORS FOR MORE FAR-RANGING CHANGES INTERSPERSED WITH A FEW BRIEF FLASHES OF REALISM. MEMBERS OF THE PREPARATORY GROUP SPENT MOST OF THEIR TIME TRYING TO GET THE PRESIDENT'S FEET BACK ON TO THE EARTH RATHER THAN PUSHING THEIR INDIVIDUAL POSITIONS. MAIN SUBJECTS COVERED, INTERNAL MARKET, MONEY, TECHNOLOGY AND COHESION.

DETAIL.

2. THE PRESIDENT OF THE COMMISSION GAVE LUNCH TO THE MEMBERS OF THE PREPARATORY GROUP ON 27 NOVEMBER. HE CAME STRAIGHT TO THE LUNCH FROM HIS PRESS CONFERENCE (ON WHICH SEE M.I.P.T.). DELORS WAS EXCITABLE AND EMOTIONAL THROUGHOUT, AND AT ONE TIME OR ANOTHER DENOUNCED ALMOST EVERY MEMBER STATE EXCEPT ITALY, BELGIUM AND THE NETHERLANDS. HE DENIED ANY INTENTION OF WALKING OUT OR OTHERWISE DISRUPTING THE CONCLAVE OR THE EUROPEAN COUNCIL DESPITE FREQUENTLY SAYING THINGS THAT IMPLIED THAT THAT WAS WHAT HE INTENDED TO DO. HIS MAIN THEME WAS THAT THE PRESENT PACKAGE WAS NO GOOD. IT WOULD HAVE TO BE IMPROVED AT THE CONCLAVE AND AT THE EUROPEAN COUNCIL IF IT WAS TO BE WORTH DOING AT ALL. THE GERMAN, FRENCH, AND DUTCH REPRESENTATIVES AT VARIOUS TIMES ARGUED THAT THE OUTCOME WAS NOT AS BAD AS DELORS WAS MAKING OUT AND THAT PUBLICLY EXPRESSED PESSIMISM BY THE PRESIDENT OF THE COMMISSION WAS MERELY LIKELY TO MAKE A WORRYING SITUATION WORSE AND TO REDUCE THE CHANCES OF SUCCESS. UNGERER (GERMANY) ARGUED THAT PROGRESS BY MODEST STEPS WAS THE ONLY WAY THE COMMUNITY EVER MOVED FORWARD. GREAT QUALITATIVE LEAPS FORWARD HAD NEVER BEEN PRACTICAL, NOT EVEN IN THE 1950S. DE NANTEUIL (FRANCE) SAID DELORS WAS BEING TOO SEVERE ABOUT THE PRESENT PACKAGE. IT WAS NOT TOO BAD. HE WAS EXAGGERATING. HE SHOULD TAKE A MORE MEASURED ATTITUDE. DELORS SAID HE HAD LISTENED TO THE ADVICE CAREFULLY AND WOULD HEED IT.

INTERNAL MARKET.

3. DELORS SAID THAT THE IDEA OF AN AREA WITHOUT FRONTIERS WAS ONE OF THE TWO GREAT DREAMS HE HAD FOR EUROPE (MONEY WAS THE OTHER). THE TEXT ON THE TABLE NOW, FESTOONED WITH EXCEPTIONS, WOULD NOT ACHIEVE IT. THERE MUST ALSO BE A TEXT ON COOPERATION BETWEEN MEMBER STATES AGAINST TERRORISM, DRUGS AND ILLEGAL IMMIGRATION. THERE COULD NOT BE DEROGATIONS FOR THOSE WITH HIGHER STANDARDS, NOR COULD THERE BE EXCEPTIONS FOR HUMAN, ANIMAL AND PLANT HEALTH. MEMBER STATES SHOULD SIMPLY RELY ON THE LUXEMBOURG COMPROMISE TO VETO ANYTHING THEY DID NOT WISH TO BE TAKEN BY A QUALIFIED MAJORITY DECISION.

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4. O'ROURKE (IRELAND) SAID THIS WOULD NOT DO. THE PROBLEM OVER ARTICLE 36 WAS A REAL ONE WHICH WOULD NOT GO AWAY. ESPER LARSEN (DENMARK) SAID THAT WITHOUT SOME PROVISION FOR THE DANES ON HIGHER STANDARDS THERE WOULD NOT BE AGREEMENT. I SAID THAT I WAS SURPRISED THAT, AFTER THE CAREFUL EXPLANATION WE HAD GIVEN OF THE REAL PROBLEMS THAT AROSE FOR BRITAIN AND IRELAND OVER HUMAN, ANIMAL AND PLANT HEALTH, THE COMMISSION COULD NOW THINK THAT A TEXT COULD GO THROUGH WHICH SIMPLY IGNORED THEM. IT WAS SIMPLY NOT TRUE TO SAY, AS THE PRESIDENT HAD, THAT OTHER MEMBER STATES WERE IN NO DIFFERENT SITUATION OVER THESE MATTERS THAN WERE THE TWO ISLAND MEMBER STATES.

MONETARY ISSUES.

5. NOTERDAEME (BELGIUM) SAID THAT THERE SHOULD BE NO OTHER EXCEPTIONS TO QUALIFIED VOTING IN ARTICLE 100 THAN THOSE DEALING WITH TAX MATTERS, FREE MOVEMENT OF PERSONS AND RIGHTS OF WORKERS. ANY OTHER EXCEPTIONS SHOULD BE PUT ELSEWHERE IN THE TREATY. I SAID THAT IT WAS OF COURSE PERFECTLY FEASIBLE TO DEAL WITH OUR CONCERNS OVER HUMAN, ANIMAL AND PLANT HEALTH IN ARTICLE 43 IF THAT WAS PREFERRED. THE IMPORTANT THING WAS TO GET THE SUBSTANCE RIGHT.

6. DELORS ONCE AGAIN PUSHED HIS OWN PROPOSALS, SAYING IT WAS QUITE WRONG TO HAVE REGARDED THEM AS REVOLUTIONARY. ON THIS OCCASION HE HARPED MORE ON WHAT HE DESCRIBED AS A GERMAN PRESS CAMPAIGN AGAINST HIM THAN ON WHAT THE CHANCELLOR HAD SAID AT THE ECOFIN COUNCIL. IN ANY CASE, IT SIMPLY WAS NOT TRUE TO SAY THAT PUTTING EMS INTO THE TREATY CREATED SOME KIND OF COMPETENCE FOR THE COMMISSION. THE FACT WAS THAT THE COMMISSION HAD THE RIGHT AT ANY TIME TO MAKE A PROPOSAL UNDER ARTICLE 235 OF THE TREATY ON MONETARY MATTERS. THIS POINT HAD BEEN CONFIRMED IN FORMAL LEGAL ADVICE WHICH HE HAD SOUGHT FROM A NON-COMMISSION BELGIAN JURIST. HE WOULD CIRCULATE THAT ADVICE. HE HAD ONLY MENTIONED ECONOMIC AND MONETARY UNION IN HIS AMENDED TEXT BECAUSE HE HAD THOUGHT IT MIGHT HELP WITH THE GERMANS. HE NOW UNDERSTOOD THAT IT CAUSED REAL PROBLEMS FOR THE UK AND WAS QUITE PREPARED TO WITHDRAW ANY REFERENCE TO EMU.

7. NOTERDAEME (BELGIUM) WONDERED WHETHER THE WHOLE QUESTION OF THE EXCHANGE RATE MECHANISM COULD BE EXPLICITLY LEFT TO THE CENTRAL BANK GOVERNORS AND THE MONETARY COMMITTEE, WHILE INCLUDING SOME REFERENCE TO EMS IN THE TREATY. CALAMIA (ITALY) BELIEVED THERE COULD BE WAYS OF CAREFUL DRAFTING WHICH WOULD MEET ANY UK OBJECTIONS TO A REFERENCE TO EMU.

8. I REHEARSED AGAIN THE ARGUMENTS AGAINST A REFERENCE IN THE TREATY TO MONETARY ISSUES. WE WERE SIMPLY NOT PREPARED TO GIVE TREATY FORCE TO A CONCEPT LIKE EMU WHICH NO-ONE WAS CAPABLE OF DEFINING OR DESCRIBING AND WHICH APPEARED TO IMPLY A FUNDAMENTAL SHIFT IN THE RELATIONSHIP BETWEEN THE MEMBER STATES AND THE COMMUNITY. RUTTEN (NETHERLANDS) SAID HE HAD CONSIDERABLE SYMPATHY FOR THIS VIEW. IT WAS NOT WISE TO PUSH EMU TOO HARD. HE BELIEVED SOME COMPROMISE TEXT ON MONETARY ISSUES COULD BE AGREED BUT IT WOULD TAKE TIME. THERE HAD BEEN MANY MISUNDERSTANDINGS.

TECHNOLOGY.

CONFIDENTIAL

9. DELORS CONTINUED HIS REFRAIN THAT THE PRESENT TEXT ON TECHNOLOGY WOULD HOBBLE ANY COMMUNITY TECHNOLOGICAL PROGRAMME COMPLETELY. ALL THAT WOULD BE LEFT WOULD BE EUREKA. HE THEN HAD AN INCREASINGLY SHARP EXCHANGE WITH NOEL (COMMISSION) WHO ARGUED THAT THE PRESENT TEXT IN FACT CONTAINED A REASONABLE AMOUNT OF FLEXIBILITY.

10. RUTTEN (NETHERLANDS), NOTERDAEME (BELGIUM) AND DELORS THEN ALL ASKED ME WHETHER WE COULD NOT ENVISAGE SOMETHING DIFFERENT FROM THE PRESENT TEXT. I SAID I DOUBTED WHETHER IT WAS WISE TO PRESS THIS ISSUE. THE PRESENT TEXT ALREADY FELL WELL SHORT IN PRECISION OF WHAT WE WANTED. LIKE NOEL, I BELIEVED THAT IT WAS COMPATIBLE WITH THE AIMS OF ALL MEMBERS STATES AND THE COMMISSION TO DEVELOP EUROPEAN TECHNOLOGY. UNGERER (GERMANY) SUPPORTED THE ARGUMENTS FOR THE EXISTING PRESIDENCY TEXT.

COHESION.

11. DELORS CONCLUDED WITH A BLISTERING ATTACK ON THE IRISH AND GREEKS. THEY HAD NOBODY BUT THEMSELVES TO BLAME FOR HAVING REJECTED A GENEROUS COMMISSION TEXT ON COHESION. NOW THEY WOULD GET NOTHING AND WOULD LIVE TO RUE THE DAY. WHEN ZAFIRIOU (GREECE) TRIED TO REPLY, DELORS SAID HE HAD HEARD ENOUGH IN RECENT WEEKS FROM THE GREEKS ABOUT THE NEED FOR MORE MONEY.

12. AT VARIOUS STAGES IN THE DISCUSSION THERE WAS SOME SPECULATION AS TO WHETHER THE EUROPEAN COUNCIL ON 2/3 DECEMBER WOULD BE THE DEFINITIVE END OF THE ROAD OR NOT. RUTTEN (NETHERLANDS) ARGUED STRONGLY FOR CONTINUING THE WORK AFTER THE DECEMBER EUROPEAN COUNCIL. DELORS TOO FAVOURED THIS. CALAMIA (ITALY) SAID HE DID NOT FAVOUR A CONTINUATION: THE NEGOTIATIONS WOULD MERELY DETERIORATE EVEN FURTHER.

13. NO CONCLUSIONS WERE DRAWN ON ANY POINT. DELORS SAID THE COMMISSION WOULD MEET IN LUXEMBOURG ON 1 DECEMBER TO TAKE STOCK AND TO DECIDE THE LINE HE SHOULD TAKE AT THE EUROPEAN COUNCIL. ERSBOELL (COUNCIL SECRETARIAT) WAS PRESENT THROUGHOUT BUT HARDLY SPOKE, HE TOLD ME THAT THE PRESIDENCY AND THE COUNCIL SECRETARIAT WERE NOW PREPARING TEXTS MORE OR LESS ON THEIR OWN, WITH LITTLE HELP FROM THE COMMISSION, WHOSE OFFICIALS WERE HAMPERED BY DELORS' ATTITUDE.

HANNAY

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UKREP BRUSSELS TELNO 4069: IGC: STATEMENT BY DELORS

1. DELORS WAS WELL KNOWN FOR HIS REPEATED THREATS TO RESIGN AND GENERAL HISTRIONICS IN HIS PREVIOUS JOBS, ESPECIALLY AS FRENCH MINISTER OF FINANCE. HE BELIEVES THAT HE MUST OCCASIONALLY MAKE A DRAMATIC GESTURE IN ORDER, AS HE SEES IT, TO FORCE OTHERS TO FACE UP TO THEIR RESPONSIBILITIES. IT WOULD BE SURPRISING IF HE INTENDED TO SIT AND SULK THROUGH THE EUROPEAN COUNCIL, ESPECIALLY IN FRONT OF MITTERRAND. HIS THREATS WILL NOT BE TAKEN VERY SERIOUSLY IN FRANCE. BUT HE MAY WELL CONTINUE TO STIR THINGS UP IN THE NEXT DAY OR TWO BY ADVERTISING HIS DISSATISFACTION WIDELY IN PRIVATE AND POSSIBLY TO SOME EXTENT IN PUBLIC. HE IS NO DOUBT HOPING FOR URGENT APPEALS TO DESIST, ACCOMPANIED BY PROMISES TO TRY HARDER IN THE IGC. IF THE LUXEMBOURGERS ARE SUITABLY CONTRITE HE MAY PERHAPS DECIDE THAT HE HAS MADE HIS POINT AND CAN RESUME CO-OPERATION WITHOUT LOSS OF FACE.

FRETWELL

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bc: Prof. Griffiths

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10 DOWNING STREET

From the Private Secretary

27 November 1985

EUROPEAN COUNCIL

BF | In discussion with the Chancellor today, the Prime Minister said she would take up with Delors at the European Council next week the Commission's proposals on the VAT threshold and the possibility of infraction proceedings. No doubt you will be providing a brief.

I am copying this letter to Len Appleyard (Foreign and Commonwealth Office).

David Norgrove

Mrs. Rachel Lomax,
H.M. Treasury.

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10 DOWNING STREET

From the Private Secretary

26 November 1985

I enclose a copy of a letter to the Prime Minister from the Prime Minister of The Netherlands proposing that the European Council in Luxembourg should decide to reduce the number of European Councils held each year to two.

MP I should be grateful for a draft reply making clear the Prime Minister's enthusiastic support for this proposal.

I am copying this letter and enclosure to David Williamson (Cabinet Office).

CHARLES POWELL

Colin Budd Esq
Foreign and Commonwealth Office.

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ROYAL NETHERLANDS EMBASSY

② CCF
Prime Minister
Mr. Lubbers proposes that
the Luxembourg Council
agree to reduce
European Councils to
two per year.

MB

London, November 26, 1985

CDP
26/ki

Dear Prime Minister

Acting upon instructions received from my authorities I have the honour to present to you the English version of a letter which Mr. R.F. Lubbers, Prime Minister of the Netherlands, has addressed to the Prime Minister of the Grand-Duchy of Luxembourg concerning the forthcoming European Council.

Yours sincerely

J.L.R. Huydecoper

The Right Honourable
Margaret Thatcher, M.P.
Prime Minister

I am writing this letter in the hope that, during the European Council Meeting in Luxembourg on 3 and 4 December 1985, the Council will be able to agree on the number of sessions it should hold. As our Ministers for Foreign Affairs have found, there is a large measure of agreement on the desirability of reducing the number of sessions from three to two each year, i.e. one per Presidency. This would also be in accordance with the recommendations of the Dooge report. Naturally it would remain possible, just as it is now, to organise a special meeting of the European Council if circumstances so required. I am very keen to see a decision along these lines made during the forthcoming European Council Meeting, so that the new arrangements can enter into force at the beginning of 1986.

I should like to emphasize that my wish to reduce the number of sessions is not motivated by any desire to lessen the role played by the European Council. On the contrary, this step is tended to enhance the Council's role. Since the European Council was formalised during the Conference of Heads of Government in December 1974 in Paris, it has been shown that the Council can play an important part in initiating and directing the growth of European unity and in taking action to reconcile and mediate when decision-making in the organs of the European Community is in danger of coming to a halt.

Nonetheless, the excessive number of sessions has resulted in a certain erosion of the Council's ability to operate effectively. I also believe that we should take advantage of the opportunity which we will have in Luxembourg to improve the operation of the Council by effecting preparations in a more organised fashion. I should like to propose, for example, that participants should not be permitted to raise new topics or distribute new documents or declarations after the President has finalised the annotated agenda for the Council. The conclusions drawn by the President at the end of the session should also as a rule be based on the agenda and should relate solely to matters discussed by the heads of State and of Government.

Lastly, we might perhaps devote some attention to the size of delegations. Now that a larger number of Member States will be participating in these sessions, there is all the more reason to reduce the total number of officials involved in them. I have the impression that there is a large measure of agreement among participants in the European Council with regard to the view that the size of civil service delegations could be substantially reduced without damage.

I have forwarded the text of this letter also to the other Members of the European Council.





10 DOWNING STREET

From the Private Secretary

26 November, 1985.

EUROPEAN COUNCIL

I enclose a copy of a message to the Prime Minister from Monsieur Santer setting out the Presidency's objectives for the forthcoming European Council. I should be grateful for an early translation for the Prime Minister's use and for a draft reply if this is considered appropriate. I suspect that the Prime Minister may well want to reply to M. Santer's comments about inclusion of references to the EMS and EMU in the Treaty.

I am copying this letter and enclosure to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry), and David Williamson (Cabinet Office).

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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TELEX A L'ATTENTION DE :
- MADAME LE PREMIER MINISTRE DU ROYAUME-UNI
MARGARET THATCHER
LONDRES

BRUXELLES, 26 NOVEMBRE 1985
TELEX NR. 26.11/01

JE VOUS PRIE DE BIEN VOULOIR TROUVER CI-DESSOUS LE TEXTE DE LA LETTRE QUI VOUS SERA ADRESSEE OFFICIELLEMENT DANS LES MEILLEURS DELAIS.

MADAME LE PREMIER MINISTRE,

A QUELQUES JOURS DE NOTRE REUNION EN CONSEIL EUROPEEN, JE ME PERMETS - A L'INSTAR DE CELLE ET DE CEUX QUI M'ONT PRECEDE DANS CES FONCTIONS D'EXERCER MA MISSION TEMPORAIRE COMME PRESIDENT DU CONSEIL EUROPEEN EN VOUS EXPOSANT BRIEVEMENT COMMENT LA PRESIDENCE ENVISAGE LA REUNION DES CHEFS D'ETAT OU DE GOUVERNEMENT DES 2/3 DECEMBRE.

IL EST APPARU QUE LE TEMPS INITIALEMENT ENVISAGE POUR LA TENUE DE CE CONSEIL EUROPEEN NE SUFFIRAIT PAS A EXECUTER CONVENABLEMENT LES TACHES QUE NOUS NOUS SOMMES IMPOSEES A MILAN, SI NOS DELIBERATIONS NE PEUVENT S'ETENDRE SUR TROIS DEMI-JOURNEES. EN CONSEQUENCE, JE VOUS PROPOSE DE COMMENCER NOTRE REUNION LE LUNDI 2 DECEMBRE, A 10.30 HEURES, POUR LA CONCLURE AU DEBUT DE L'APRES-MIDI DU LENDEMAIN, LE MARDI 3 DECEMBRE.

IL EST EVIDENT QUE LA MAJEURE PARTIE DE NOTRE TRAVAIL DEVRA ETRE CONSACREE A L'EXAMEN DES RESULTATS DE LA CONFERENCE DES GOUVERNEMENTS DES ETATS MEMBRES.

AVANT D'ENTAMER NOTRE DISCUSSION SUR LES RESULTATS DE LA CONFERENCE, NOUS ENTENDRONS LES COMMUNICATIONS ORALES DU PRESIDENT DE LA COMMISSION, ET NOUS POURRONS FAIRE UN PREMIER COMMENTAIRE SUR

1. LES GRANDES LIGNES DU RAPPORT ECONOMIQUE ANNUEL 1985-1986 "UNE STRATEGIE DE COOPERATION POUR LA CROISSANCE ET L'EMPLOI" (DOCUMENT DU 17 OCTOBRE 85, QUI A FAIT L'OBJET D'UN PREMIER EXAMEN PAR LES MINISTRES DE L'ECONOMIE ET DES FINANCES).

- 2 -

2. LES PREMIERS RESULTATS DES RECHERCHES ENTREPRISES SUR LES FORCES ET FAIBLESSES DES ECONOMIES EUROPEENNES : COMPETITIVITE - POSSIBILITES DE CROISSANCE - INSUFFISANCE DES CREATIONS D'EMPLOIS. (SUITE A LA DEMANDE DU CONSEIL EUROPEEN DE MILAN, JUIN 1985).

3. LA CREATION D'UN ENVIRONNEMENT PLUS FAVORABLE A LA CREATION ET AU DEVELOPPEMENT DES PETITES ET MOYENNES ENTREPRISES. (SUITE A LA DEMANDE DU CONSEIL EUROPEEN DE BRUXELLES, MARS 1985).

4. UN RAPPORT INTERIMAIRE SUR LES MOYENS DE RENFORCER L'EFFICACITE DES MARCHES DU TRAVAIL, Y COMPRIS LES ACTIONS SPECIFIQUES POUR L'EXPANSION DE L'EMPLOI. (SUITE A LA DEMANDE DU CONSEIL EUROPEEN DE BRUXELLES, MARS 1985).

L'ACTUALITE INTERNATIONALE NOUS CONDUIRA, PAR AILLEURS, A CONSACRER UNE PARTIE DE NOTRE TEMPS, PARALLELEMENT AVEC LES MINISTRES DES AFFAIRES ETRANGERES, A UN ECHANGE DE VUES SUR LA SITUATION DANS LE MONDE, SOUS L'ANGLE DE VUES AUSSI DES POSITIONS QUE NOUS AVONS A PRENDRE EN TANT QUE REPRESENTANTS DE L'ENTITE QU'EST L'EUROPE.

SELON LE VOEU EXPRIME A MILAN, LA CONFERENCE DES GOUVERNEMENTS DES ETATS MEMBRES A ELABORE UN CERTAIN NOMBRE DE TEXTES DESTINES A COMPLETER OU A ADAPTER L'ACTUEL TRAITE.

UN TRAVAIL CONSIDERABLE A ETE REALISE. JE PARTAGE CEPENDANT L'INQUIETUDE DE PLUSIEURS D'ENTRE VOUS, QUI DEJA M'ONT EXPRIME LEUR PREOCCUPATION QUE LA SUBSTANCE DE CES MODIFICATIONS NE REpond QUE TRES IMPARFAITEMENT AUX AMBITIONS INITIALES, ET SURTOUT A L'ATTENTE SUSCITEE PAR CETTE CONFERENCE, NOTAMMENT AU PARLEMENT EUROPEEN.

LA PRESIDENCE N'EN EST QUE PLUS DETERMINEE A FAIRE EN SORTE QUE LES COMPROMIS, QUI S'EBAUCHENT SUR UN CERTAIN NOMBRE DE POINTS, NON SEULEMENT NE SERONT PAS REMIS EN CAUSE, MAIS PUISSENT EN DERNIER RESSORT ETRE AMELIORES.

LA MODIFICATION DU TRAITE, ET LA FORMULATION EN TERMES DE TRAITE DE NOS OBJECTIFS COMMUNS EN MATIERE DE COOPERATION POLIQU, AINSI QUE DES MOYENS ET PROCEDURES QUE NOUS APPLIQUERONS A CETTE FIN, DEVRAIENT POUR LE MOINS COMPORTER LES CHAPITRES SUIVANTS :

- MARCHE INTERIEUR
- DIMENSION MONETAIRE
- COHERENCE INTERNE DES POLITIQUES DE LA COMMUNAUTE ET DE SES MOYENS D'ACTION
- RENFORCEMENT DES INSTITUTIONS COMMUNAUTAIRES, A TRAVERS NOTAMMENT UN ACCROISSEMENT REEL DES POUVOIRS DU P.E.
- CADRE JURIDIQUE DE LA COOPERATION DANS LE DOMAINE DE LA TECHNOLOGIE ET DE LA RECHERCHE
- ACTION DANS LE DOMAINE DE L'ENVIRONNEMENT

A CELA CORRESPONDRAIT L'ORGANISATION DE LA COOPERATION POLITIQUE - LE TOUT DANS LA PERSPECTIVE DE L'UNION EUROPEENNE.

JE N'IGNORE PAS LES DIFFICULTES QUE PRESENTE UNE REFERENCE PRECISE ET OPERATIONNELLE A PLUS LONG TERME A L'AFFIRMATION DE LA DIMENSION MONETAIRE, ENCORE QU'IL EXISTE D'ORES ET DEJA UN ACCORD UNANIME POUR RESPECTER LES EQUILIBRES INTERNES, DANS LES ETATS MEMBRES, SUR LE PLAN DE L'ORGANISATION DES POUVOIRS ET DES COMPETENCES EN MATIERE MONETAIRE

LA REFORME ET LE COMPLEMENT DU TRAITE PERDRAIENT SANS AUCUN DOUTE UNE PART CONSIDERABLE DE LEUR CREDIBILITE SI, POUR LE MOINS, LA CONFERENCE NE RAPPELAIT PAS NOTRE GRAND OBJECTIF D'UNE UNION ECONOMIQUE ET MONETAIRE, ET NE FAISAIT REFERENCE A L'EXISTENCE D'UN SYSTEME MONETAIRE EUROPEEN, AINSI QU'AU ROLE ET A LA VOCATION DE L'ECU.

TOUT, EN EFFET, SE TIENT. L'ABSENCE DE RESULTATS SIGNIFICATIFS SUR UN POINT SE REPERCUTE FATALEMENT PAR L'INDIGENCE DE NOS RESULTATS PAR AILLEURS. A L'OPPOSE, UNE ATTITUDE RESOLUMENT AMBITIEUSE PERMETTRAIT SANS DOUTE D'ATTEINDRE DES OBJECTIFS STIMULANTS ET CONSTITUANT UNE BASE DE DEPART POUR UNE NOUVELLE PHASE DANS L'ADAPTATION INDISPENSABLE DES ECONOMIES ET DES ESPRITS AUX CONDITIONS D'UNE EUROPE ASSUMANT SON ROLE FUTUR.

SUR L'ENSEMBLE DE CES QUESTIONS, LA PRESIDENCE SOUMET AU CONSEIL EUROPEEN UN DOCUMENT DE SYNTHESE, DONT JE VOUS PRIE DE BIEN VOULOIR PRENDRE EN CONSIDERATION LE CARACTERE POLITIQUE. LA DISCUSSION PAR LE CONSEIL EUROPEEN, ET L'APPROBATION DANS SES GRANDES LIGNES, TRADUIRAIENT AINSI L'ABOUTISSEMENT DE LA CONFERENCE.

IL SE PEUT QUE LES CONCLUSIONS DU CONSEIL EUROPEEN REQUERRONT ENCORE UN EXAMEN SUR LE PLAN DE LA TECHNIQUE JURIDIQUE. A L'OCCASION DE CET EXAMEN, IL POURRAIT ETRE TENU COMPTE DE CERTAINES CONTRIBUTIONS AUX TRAVAUX DE LA CONFERENCE QUI N'ONT PU, POUR DES RAISONS PUREMENT MATERIELLES ETRE TRAITES DANS LES TRAVAUX QUI ONT DEBOUCHE SUR LA SESSION DU CONSEIL EUROPEEN. IL NE SAURAIT CEPENDANT ETRE QUESTION D'UNE REMISE EN DISCUSSION DES ACCORDS QUI INTERVIENDRONT AU CONSEIL EUROPEEN.

LES MINISTRES DES AFFAIRES ETRANGERES, AU TITRE DE LA CONFERENCE, POURRAIENT ETRE INVITES A CONCLURE RAPIDEMENT CES TRAVAUX DURANT LES DEUX OU TROIS SEMAINES QUI SUIVENT LA REUNION DU CONSEIL EUROPEEN ET A PROCEDER, EN LEUR QUALITE DE PLENIPOTENTIAIRES DES GOUVERNEMENTS DES ETATS MEMBRES, A LA SIGNATURE DE L'ENSEMBLE DES ACTES CONSTITUANT LE RESULTAT DE LA CONFERENCE.

LE CONSEIL EUROPEEN A SU, AU COURS DES RECENTES ANNEES, EN ENGAGEANT SON AUTORITE POLITIQUE, CONTRIBUER DE FACON DETERMINANTE A LA SOLUTION D'UN CERTAIN NOMBRE DE PROBLEMES DIFFICILES. LA PRESENCE PARMi NOUS DES PREMIERS MINISTRES DU PORTUGAL ET DE L'ESPAGNE CONSTITUE LE TEMOIGNAGE DE LA REUSSITE QU'EST L'HEUREUX ABOUTISSEMENT DES NEGOCIATIONS D'ADHESION DE CES PAYS. LE TEMPS EST VENU MAINTENANT DE NOUS ATTACHER A DEFINIR LA COMMUNAUTE DE DEMAIN ET A LUI DONNER LES MOYENS JURIDIQUES ET INSTITUTIONNELS D'ASSUMER LE ROLE QUE NOUS SOUHAITONS ET QUE SOUHAITENT NOS PEUPLES.

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VEUILLEZ CROIRE, MADAME LE PREMIER MINISTRE, A L'ASSURANCE DE MA PLUS HAUTE CONSIDERATION.

JACQUES SANTER

